MONTANA

OFFICE OF PUBLIC INSTRUCTION

STATE AND FEDERAL

GRANTS HANDBOOK

JUNE 1998

NANCY KEENAN, SUPERINTENDENT

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OFFICE OF PUBLIC INSTRUCTION
PO Box 202501
HELENA MT 59620-2501
(406) 444-3095

Nancy Keenan
Superintendent

Dear Colleague:

This *State and Federal Grants Handbook* provides guidance to school districts, cooperatives, consortiums and other recipients of state and federal grants administered by the Montana Office of Public Instruction (OPI).

Each year, the Office of Public Instruction distributes more than $60 million in state and federal grants to school districts and other entities. As a subgrantor, OPI is responsible for ensuring recipients administer the funds in accordance with general and specific program regulations. This *Handbook* explains many of these important regulations in an effort to assure subgrantee compliance, and, thereby, ensure continuing state and federal support for your school district or organization and the children of Montana.

We are sending one copy of the *State and Federal Grants Handbook* to each county superintendent, to the clerk/business official of each school district and cooperative, and to each authorized representative. Additional copies of the *Handbook* may be ordered from the Office of Public Instruction (406) 444-4401 while supplies last.

This *Handbook* is also available from the Montana Educational Network (METNET) system at http://www.metnet.mt.gov/, or telephone (800) 803-6393. If you do not currently use METNET, you may call (406) 444-3563 to register.

We hope you find this *State and Federal Grants Handbook* a useful reference tool for the proper administration of grants you receive through my office. Thank you for your hard work in serving the children of Montana!

Sincerely,

Nancy Keenan

"It is our mission to advocate, communicate, educate and be accountable to those we serve."

100 OVERVIEW AND PROGRAM DESCRIPTIONS

OPI RESOURCES

The Office of Public Instruction's Homepage: http://www.opi.mt.gov/
Office of Public Instruction.....General Information 444-3095
P.O. Box 202501, Helena, MT 59620-2501

State Superintendent Nancy Keenan 444-7362
Deputy State Superintendent Bill Cooper 444-5643
The email address for OPI staff: (all lower case letters, no space) the first initial of first name, last name, @opi.mt.gov

PROGRAM	ACCOUNTING CONTACT	PROGRAM CONTACT
ABE/WoRC (Work Readiness Component)	Jurenne Fuchs 444-2560	David Huff 444-4443
Adult Education - State	Jurenne Fuchs 444-2560	David Huff 444-4443
Adult Basic Education	Jurenne Fuchs 444-2560	David Huff 444-4443
AIDS Education		Rick Chiotti 444-1963
Audit Resolution		Jim Oberembt 444-1257
Christa McAuliffe Fellowships		Nancy Coopersmith 444-5541
Comprehensive School Reform	Elizabeth Stuber 444-4403	Nancy Coopersmith 444-5541
Education of Homeless Children and Youth	Nona Rens 444-3408	Terry Teichrow 444-2036
ESEA Title I, Part A, Improving Basic Program	Nona Rens 444-3408	BJ Granbery 444-4420
ESEA Title I, Part B, Even Start Family Literacy	Nona Rens 444-3408	Joan Morris 444-3083
ESEA Title I, Part B, Migrant Even Start	Nona Rens 444-3408	Angela Branz-Spall 444-2423
ESEA Title I, Part C, Migrant Education	Nona Rens 444-3408	Angela Branz-Spall 444-2423
ESEA Title I, Part D, Neglected, Delinquent, And At-Risk Youth	Nona Rens 444-3408	Terry Teichrow 444-2036
ESEA Title II Eisenhower Professional Development Program	Jurenne Fuchs 444-2560	Christine Provance 444-4436
ESEA Title III Technology Literacy Challenge Fund	Elizabeth Stuber 444-4403	Michael Hall 444-4422
ESEA Title IV Safe and Drug-Free Schools (Base Grant)	Elizabeth Stuber 444-4403	Rick Chiotti 444-1963
ESEA Title IV Safe and Drug-Free Schools (Greatest Need/Competitive)	Elizabeth Stuber 444-4403	Judy Birch 444-5663
ESEA Title VI Innovative Ed Program	Jurenne Fuchs 444-2560	Kathleen Mollohan 444-4317
ESEA Title VII, Part A, Bilingual Education		Lynn Hinch 444-3482
ESEA Title VII, Part C, Emergency Immigrant	Nona Rens 444-3408	Lynn Hinch 444-3482
Federal Impact Aid		Vacant 444-3024
Gifted and Talented	Jurenne Fuchs 444-2560	Kathleen Mollohan 444-4317
IDEA Part B, Children With Disabilities	Elizabeth Stuber 444-4403	Marilyn Pearson 444-4428
IDEA Preschool	Elizabeth Stuber 444-4403	Dan McCarthy 444-4425
IDEA Part D	Elizabeth Stuber 444-4403	Susan Anderson 444-2046
Indirect Cost Plans		Jim Oberembt 444-1257
JOBS	Jurenne Fuchs 444-2560	David Huff 444-4443
Learn and Serve Montana	Nona Rens 444-3408	June Atkins 444-3664
School to Work	Jurenne Fuchs 444-2560	Marion Reed 444-3000
Star Schools		Steve Meredith 444-3563
Trustees' Financial Summary	Jim Oberembt 444-1257	
Vocational Ed: Carl Perkins	Jurenne Fuchs 444-2560	Jody Messinger 444-4452

CALENDAR

JULY

July 1	State fiscal year begins - (20-1-301, MCA) Last day for approving ESEA Title IV applications
July 25	Cash Advance Request form due to the OPI for payments in August
July 31	Last day to liquidate obligations for projects ended June 30

AUGUST

In August	Secondary Vocational Education enrollment reports mailed to authorized representatives
August 10	Fiscal Closeout Reports and Final Program Reports due for projects ended June 30 Federal Programs: ESEA Title III Technology Literacy Challenge Fund ESEA Title IV Safe and Drug-Free Schools (Greatest Need/Competitive) IDEA Preschool IDEA Part B, Children with Disabilities IDEA Part D Adult Basic Education Learn and Serve Montana Carl D. Perkins Job Training Partnership Act State Programs: ABE/WoRC (Work Readiness Component) Gifted and Talented State Adult Education
	Cash advances requested for August are paid

SEPTEMBER

September 10	Cash advances requested for September are paid
Second Monday - by September 15	Trustees' Financial Summary due to the OPI
September 30	Last day to obligate funds for projects ending September 30

Last day for approving applications for ESEA Titles I, II and VI

(ESEA Title IV must be approved shortly after receipt of application which must be postmarked by May 30.)

OCTOBER

October 10	Cash advances requested for October are paid
Mid-October	Fall Report due to the OPI
	Secondary Vocational Education enrollment reports due to the OPI
October 31	Last day to liquidate obligations for projects ended September 30

NOVEMBER

On or before November 1	State Secondary Vocational Education annual payment (20-7-306, MCA)
November 10	Fiscal Closeout Reports and Final Program Reports due for projects ended September 30 Federal Programs: ESEA Title I, Part A, Improving Basic Programs ESEA Title I, Part B, Even Start Family Literacy ESEA Title I, Part D, Neglected, Delinquent, and At-Risk Youth ESEA Title II, Eisenhower Professional Development Program ESEA Title IV, Safe and Drug-Free Schools (Base Grants) ESEA Title VI, Innovative Education Program Strategies ESEA Title VII, Part C, Emergency Immigrant Education of Homeless Children and Youth
	Cash advances requested for November are paid

DECEMBER

December 1	Districts and Special Education Cooperatives count number of students with disabilities for IDEA Part B child count
December 1	Preliminary maintenance of effort report is sent to authorized representatives and special education clerks
December 10	Cash advances requested for December are paid

	Special Education Child Count due to the OPI if submitted on paper forms
December 20	Last day for school districts and cooperatives to submit corrections to Trustees' Financial Summary (TFS) data to the OPI for maintenance of effort calculations. Data changes after this date will be made only through the hearings process.

JANUARY

January 5	Electronically submitted Special Education Child Count due to the OPI
January 10	Cash advances requested for January are paid
January 31	Impact Aid applications due to U.S. Department of Education with copy to the OPI

FEBRUARY

February 10	Cash advances requested for February are paid
February 15	SEA transmits Impact Aid applications to U.S. Department of Education
February 23	Special Education Child Count verification and signed assurance statements due to the OPI

MARCH

In March	Nonpublic school participation in federal program packets distributed to districts
March 1	Carl D. Perkins proposals for ensuing year due to the OPI
March 10	Cash advances requested for March are paid
Mid-March	The OPI distributes indirect cost rate applications for ensuing year
March 30	A-133 audit reports due to the OPI from subgrantees spending federal funds of more than $300,000/year

APRIL

In April	Secondary Vocational Education proposals sent to districts

In April	Final maintenance of effort report and application packet for IDEA Part B and preschool grants sent to districts and cooperatives
April 10	Cash advances requested for April are paid

MAY

In May	Nonpublic school participation in federal programs information completed by districts and returned to the OPI
	Carl D. Perkins approval letters sent to authorized representatives
May 10	Cash advances requested for May are paid
May 15	ESEA Title IV Safe and Drug-Free Schools Greatest Need/Competitive Grant application forms due to the OPI
May 30	Secondary Vocational Education proposals due to the OPI
	ESEA Federal Programs Annual Consolidated Application, Titles I, II, IV and VI, postmarked to the OPI
May 31	Indirect Cost Rate applications for ensuing year due to the OPI

JUNE

June 1	Last day to request budget modification/extension for current-year projects, except for ESEA Titles I, II, IV and VI which need no extension and may be amended through the last day of the project
	IDEA Part B Preschool Entitlement Grant Applications (SE-1) due to the OPI
June 10	Cash advances requested for June are paid
June 30	Last day to obligate funds for projects ending June 30
	Audit reports due to OPI from subgrantees spending federal funds of less than $300,000/year

Note: Deadlines for state aid programs, including direct state aid, guaranteed tax base subsidies, transportation aid and state special education allowable cost funding are listed in Topic 2 of the Montana School Accounting Manual. See the school district superintendent or clerk for a copy.

OVERVIEW OF STATE AND FEDERAL GRANT PROGRAMS

The following state and federal grant programs are administered by the Office of Public Instruction:

State Program Descriptions

STATE VOCATIONAL EDUCATION FUNDS
Legal Reference: 20-7-301, 20-7-305, 20-7-306, MCA -- STATE VOCATIONAL EDUCATION PROGRAMS

Authority: 20-7-301, 20-7-305
Regulations: Chapters 55, 57, 58 ARM BPE - Rule

Program provides funding to assist high schools in paying the excess costs of providing approved vocational education programs. Vocational education programs which generate state vocational education funding that include business education, marketing, allied health, industrial and technology education, family and consumer sciences, and vocational agriculture.

GIFTED AND TALENTED STATE GRANT PROGRAM
Legal Reference: 20-7-903, MCA

The Gifted and Talented state grant program provides grant funds for supplemental financial assistance to school districts to strengthen the quality of programs for gifted and talented students. Approximately 100 programs are funded annually, based upon an application and comprehensive plan, with approval based on the recommendations of a peer review panel. Grants are awarded according to a formula by which applicants with a student population of over 2,300 are awarded twice the funding of districts whose student population is under 2,300.

ADULT BASIC EDUCATION
Legal Reference: 20-7-701, 20-7-702, 20-7-711, 20-7-712, 20-7-714, MCA

The funds provided by the state of Montana are combined with the federal adult basic education funds to provide adult basic education services throughout Montana. The state funds are required to maintain Montana's obligation for match and maintenance of effort requirements to receive federal funds.

In addition to state-provided funds, provision is made for local public school and community college districts and counties to levy funds to provide for adult basic education and literacy services. These funds also provide an important portion of the match and maintenance of

effort requirements for local programs in Montana to receive federal adult basic education funding.
Refer to FEDERAL ADULT EDUCATION PROGRAMS below for further information.

Federal Program Descriptions

FEDERAL ADULT EDUCATION PROGRAMS

CFDA 84.002 ADULT BASIC EDUCATION (ABE)
Authority: Adult Ed Act, Part B, as amended; 20 USC 1201, et seq.
Regulations: 34 CFR 460, 461

ABE provides educational opportunities for adults and encourages establishment of adult education programs which enable adults to acquire basic skills needed to function in a literate society. Adult students are able to complete secondary education and can benefit from job training/retraining programs so they may obtain productive employment.

TITLE I PROGRAMS

CFDA 84.010A ESEA TITLE I, PART A -- IMPROVING BASIC PROGRAMS OPERATED BY LOCAL EDUCATION AGENCIES of Title I of the Elementary and Secondary Education Act of 1965, as amended
Authority: 20 USC 6311-6338
Regulations: 34 CFR 200

Provides financial assistance through state education agencies (SEAs) to local education agencies (LEAs) to meet the special educational needs of educationally deprived children in school attendance areas with high concentrations of children from low-income families and of children in local institutions for neglected or delinquent children.

CFDA 84.213C ESEA TITLE I, PART B -- EVEN START FAMILY LITERACY programs of Title I of the Elementary and Secondary Education Act of 1965, as amended
Authority: 20 USC 6361-6370
Regulations: 34 CFR 77, 80, 81, 82, 85, 86

Improves the educational opportunities of low-income families by integrating early childhood education, adult literacy or adult basic education and parenting education into a unified family literacy program.

CFDA 84.214A ESEA TITLE I, PART B -- MIGRANT EVEN START of Title I of the Elementary and Secondary Education Act of 1965, as amended
Authority: 20 USC 6362
Regulations: 34 CFR 74, 75, 77, 79, 80, 81, 82, 85
Definitions in 34 CFR 200.30 and 200.40

Helps migrant parents to be the first teachers of their children through effective parenting techniques; facilitates the educational needs of migrant families with children enrolled in the program; and provides an early childhood education for children 0-7 years old that will enable them to increase school readiness and opportunities for success.

CFDA 84.011A ESEA TITLE I, PART C -- MIGRANT EDUCATION of Title I of the Elementary and Secondary Education Act of 1965, as amended

Authority: 20 USC 6391-6399
Regulations: 34 CFR 200

Provides financial assistance to the state education agency (SEA) to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. This assistance may be provided by the state through local education agency (LEA) subcontracts.

CFDA 84.013A ESEA TITLE I, PART D -- EDUCATION OF NEGLECTED AND DELINQUENT YOUTH of Title I of the Elementary and Secondary Education Act of 1965, as amended

Authority: 20 USC 6421-6472
Regulations: 34 CFR 200

Extends services and learning time in state institutions and community day programs. Encourages smooth transitions to continue schooling or enter the job market. Supports collaboration with local correctional facilities.

CFDA 84.216A CAPITAL EXPENSES/PRIVATE SCHOOLS

Title I law provides that an LEA may apply to an SEA for payments for capital expenses incurred to provide equitable services for private school children. For this purpose, "capital expenses" means expenditures incurred for noninstructional goods and services that have been continued as a result of implementing alternative delivery systems that complied with Aguilar v. Felton, which has recently been reversed by the U.S. Supreme Court.

ESEA TITLE II EISENHOWER PROFESSIONAL DEVELOPMENT PROGRAM

CFDA 84.281 ESEA Title II, EISENHOWER PROFESSIONAL DEVELOPMENT PROGRAM of ESEA Title II, Part A of the Elementary and Secondary Education Act of 1965, as amended

Authority: 20 USC 6601-6702
Regulations: 34 CFR 208

Provides financial assistance to state and local education agencies (SEAs and LEAs) to strengthen the economic competitiveness and national security of the United States by improving the skills of teachers and the quality of instruction in mathematics and science in the nation's public and private elementary and secondary schools.

ESEA TITLE III TECHNOLOGY LITERACY CHALLENGE FUND (TLCF)

CFDA 84.318X ESEA TITLE III TECHNOLOGY LITERACY CHALLENGE FUND (TLCF)

Authority: 20 USC 1225 (B)
Regulations: 34 CFR Parts 76, 77, 80, 81, 82, 85 and 86

Technology Literacy Challenge Fund (TLCF) is one of the largest federal initiatives in support of the president's call for every student in every school to be technologically literate in the 21st century. The TLCF provides money to each state for competitive grants to school districts -- especially those with high rates of poverty -- to help them meet their most important technology needs.

ESEA TITLE IV SAFE AND DRUG-FREE SCHOOLS PROGRAMS

CFDA 84.186 ESEA TITLE IV SAFE AND DRUG-FREE SCHOOLS PROGRAM of the Safe and Drug-Free Schools and Communities Act of 1986, as amended

Authority: 20 USC 7102-7143
Regulations: Nonregulatory Guidelines (10/95)

Provides financial assistance to state and local education agencies or consortia of local education agencies to establish, operate and improve programs of violence and drug abuse prevention education. Funds are provided in two categories: *base* funds allocated according to school enrollment and awarded to all LEAs (districts) that apply; and *greatest need/competitive* funds allocated according to need substantiated by objective data on violence and drug abuse and awarded to not more than 10 percent of all LEAs (districts).

ESEA TITLE VI IMPROVING EDUCATION/INNOVATIVE EDUCATION PROGRAM STRATEGIES

CFDA 84.298 ESEA TITLE VI INNOVATIVE EDUCATION PROGRAM STRATEGIES of the Elementary and Secondary Education Act of 1965, as amended

Authority: 20 USC 7301-7373
Regulations: 34 CFR 298

Provides financial assistance to state and local education agencies (SEAs and LEAs) to implement promising educational programs that can be supported with state and local funds after those programs have been demonstrated to be effective; provides a continuing source of innovation, educational improvement and support for library and instructional materials; meet the special educational needs of at-risk and high-cost students; enhances the quality of teaching and learning through initiating and expanding effective schools programs; and meets educational needs and priorities for targeted assistance.

IMMIGRANT EDUCATION PROGRAMS

CFDA 84.162 ESEA TITLE VII, PART C -- EMERGENCY IMMIGRANT EDUCATION PROGRAM of the Elementary and Secondary Education Act of 1965, as amended

Authority: 20 USC 7541-7549
Regulations: 34 CFR 581

Provides financial assistance to state and local education agencies (SEAs and LEAs) for support of educational services and costs for eligible immigrant children enrolled in elementary and secondary public and nonprofit private schools.

SPECIAL EDUCATION PROGRAMS

CFDA 84.027 IDEA, INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PART B, Education for All Disabled Children Act of 1975, as amended

Authority: 20 USC 1401, et seq.
Regulations: 34 CFR 300

Provides financial assistance to states and local education agencies to support special education and related services to students with disabilities.

CFDA 84.173 IDEA PRESCHOOL, INDIVIDUALS WITH DISABILITIES EDUCATION ACT, Education for All Handicapped Children Act of 1975, as amended

Authority: 20 USC 1419
Regulations: 34 CFR 301

Provides financial assistance to states to assist them in providing special education and related services to disabled children aged three through five years, planning and developing a statewide comprehensive delivery system for disabled children from birth through age five years and providing direct and support services to disabled children aged three through five years.

CFDA 84.029 IDEA, PART D

Provides financial assistance to state and local education agencies in meeting training needs of personnel working with students with disabilities.

EDUCATION OF THE HOMELESS PROGRAMS

CFDA 84.196 EDUCATION OF HOMELESS CHILDREN AND YOUTH, STUART B. MCKINNEY HOMELESS ASSISTANCE ACT OF 1987, as amended by the Improving America's Schools Act

Authority: 42 USC 11431-11435
Regulations: 34 CFR 74

Provides activities and services to ensure that homeless children and youths enroll in, attend and achieve in school. Establishes a representation in each SEA for coordinating programs and to develop and carry out a state plan for education of homeless children and youths, implement programs to heighten awareness of school personnel regarding the problems of the homeless and to provide grants to LEAs.

LEARN AND SERVE MONTANA

CFDA 94.004 LEARN AND SERVE MONTANA

Authority: National and Community Service Trust Act of 1993
Regulations: Federal Register of March 23, 1994, CFR 2515 through 2519

Program encourages K-12 teachers and community-based agencies to create, develop and offer service-learning opportunities for school-age youth, educate teachers and incorporate service-learning opportunities into classrooms to enhance academic learning. Coordinates adult volunteers in schools, introduces students to a broad range of careers and encourages them to pursue further education and training.

FEDERAL VOCATIONAL EDUCATION PROGRAMS

CFDA 84.048A (BASIC AND COMPETITIVE) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT, TITLE II, AMENDMENTS OF 1990

Authority: 20 USC 2331, 2341, 2342
Regulations: 34 CFR 400, 403

Provides financial assistance to state and local education agencies (SEAs and LEAs) for support of programs designed to make the United States more competitive in the world economy by developing the academic and occupational skills needed to work in a technologically advanced society.

CFDA 84.243A TECH PREP EDUCATION, CARL D PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT, TITLE III, PART E

Authority: 20 USC 2394
Regulations: 34 CFR, 400, 403 OCR Guidelines for Vocational Education

Provides funds to states to enable them to provide planning and demonstration grants to consortia of LEAs and post-secondary educational agencies for developing four-year programs in tech-prep education leading to two-year associate degree or two-year certificate. Programs are intended to provide systematic links between secondary schools and post-secondary institutions.

JOB TRAINING PARTNERSHIP ACT (JTPA) -- 8 percent

CFDA 17.250

Authority: P.L. 97-300 Section 204(d)
Regulations: 20 CFR 628.320

The 8 percent Job Training Partnership Act program provides financial assistance on a competitive basis to Montana schools, institutions of higher education and community-based organizations to provide related education services for other agencies which provide employment-related services. Related educational services include school-to-work transition

programs, literacy training, lifelong learning opportunities and nontraditional employment for women.

JOB OPPORTUNITY AND BASIC SKILLS (JOBS) -- Personal Responsibility and Work Opportunity Act of 1996
CFDA 93.561

Authority: P.L. 100-485
Regulations: 45 CFR 250.46; ARM 46.10.819; AFDC 1101-3

This program provides funding to adult basic education programs to assist with the education of those who are moving from welfare to work.

SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994
CFDA 17.249

Authority: PL 103-239
Regulations: 34 CFR Parts 75, 77, 79, 81, 82, 85 & 86

Broad-based partnerships in communities constitute the underlying principle of the School-To-Work Opportunities Act and serve as the foundation for a successful state system. Applicants seeking funding to support local school-to-work (STW) partnerships must plan activities to meet goals consistent with federal STW legislation for the intended purposes of such funding. These purposes include developing sustainable School-To-Work Systems, which should be coordinated with other federally funded programs such as the Adult Education Act, Carl D. Perkins, ESEA, JTPA, Goals 2000, IDEA and others. Local partnerships must plan for opportunities for all students with work-based, school-based and connecting activities to help students transition to the work place and post-secondary education opportunities.

PROJECT NUMBERS FOR OPI PROGRAMS

Each grant project administered by the OPI uses a 12-digit identification number. The following table shows the code assigned to each state and federal project. The project code is the middle number in the 12-digit identification number. The remainder of the identification number is made up of the following:

Key: XX - ___ - XXXX - XXXX equals

XX (Grant Year)
- ___ (Project Identification Number from table below)
- XXXX - XXXX (OPI Grant Number)

PROJECT NAME	XX- __-XXXX-XXXX	STATE OR FEDERAL
ABE (Adult Basic Ed)	56	State/Federal
ABE/WoRC (Work Readiness Component DPHHS)	53	Federal
ESEA Title I Capital Exp	34	Federal
ESEA Title I Correctional/Delinquent	42	Federal
ESEA Title I LEA Even Start	38	Federal
ESEA Title I Improving Basic Programs	31	Federal
ESEA Title I Migrant Even Start	37	Federal
ESEA Title I Migrant	36	Federal
ESEA Title II Eisenhower Professional Development	15	Federal
ESEA Title III Technology Literacy Challenge Fund	60	Federal
ESEA Title IV Safe and Drug-Free Schools	16	Federal
ESEA Title VI Innovative Education Program	39	Federal
Gifted and Talented	13	State
Homeless Children and Youth	57	Federal
IDEA Part B	77	Federal
IDEA Part D	78	Federal
IDEA Preschool	79	Federal
Immigrant Education	41	Federal
In-state Day Treatment	76	State
JTPA (MT Dept. of Labor)	80	Federal
Learn and Serve Montana	51	State/Federal
Vo Ed Carl Perkins Basic Grant	81	State/Federal
Vo Ed Carl Perkins Competitive	82	Federal
Vo Ed Carl Perkins Consumer Homemaking	83	Federal
Vo Ed Carl Perkins Community-Based Organization	84	Federal
Vo Ed Carl Perkins Tech Prep	85	Federal

200 GENERAL ADMINISTRATIVE REQUIREMENTS FOR FEDERAL GRANTS

GENERAL REQUIREMENTS

This section discusses the general legal requirements for subgrantees receiving federal assistance. These general requirements are federal policies established by legislative or executive authority which apply to all federal programs. The requirements are to be reviewed as part of an audit of each state and local government or other entity which receives federal financial assistance. Subgrantees should adopt policies implementing each of these requirements.

POLITICAL ACTIVITY
Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs.

[Hatch Act (5 U.S.C. 1501-1508) and Intergovernmental Personnel Act of 1970, as amended by Title VI of Civil Services Reform Act (Public Law 95-454 Section 4728)]

DAVIS-BACON ACT
Laborers and mechanics employed by contractors or subcontractors to work on construction projects financed using federal assistance must be paid wages not less than those established for the local project area by the secretary of labor.

[40 Stat 1494, Mar.3,1921, Chap. 411, 40 U.S.C. 276A-276A-5]

CIVIL RIGHTS
No person shall be discriminated against on the grounds of race, color, national origin, age, or handicap in any program or activity funded by federal funds. Discrimination on the basis of sex or religion is also prohibited in some federal programs.

[Age-42 U.S.C. 6101 et seq.; Race-42 U.S.C. 2000d; Handicap-29 U.S.C. 794]

CASH MANAGEMENT
The timing between the transfer of funds from the U.S. Treasury and the disbursement of funds by the receiving subgrantee is to be minimized with proper cash management procedures. Subgrantees that in turn subgrant/transfer federal funds to other subgrantees for final expenditure shall conform to the same standards of timing and amount. Generally, this standard has been interpreted to mean a subgrantee should have the minimum amount of federal cash on hand needed for expenditures. Excess cash on hand must be repaid to the grantor.

Investment of Federal Funds -- Subgrantees should not have excessive federal cash on hand for investment. If federal funds are invested, interest earnings in excess of $250 per year must be refunded to the federal government.

RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION

[Note: This section is included for reference only. Real property acquisitions using grant funds received from the OPI would be extremely unlikely.]

Occasionally, federal aid programs may require the acquisition of property by a subgrantee and the subsequent displacement of households and businesses. Property acquired in the administration of federal aid must follow systematic procedures. For example, property must be appraised in the presence of the owner, appraisals must be reviewed, price set and settlements negotiated. Similarly, when relocations are involved, the subgrantee must, for example, provide assistance in locating replacement housing, assure that it meets acceptable standards and maintain records on all acquisitions and relocations.

[Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) Public Law 91-646, as amended by the Uniform Relocation Act Amendments of 1987, Title IV of the Surface Transportation and Uniform Relocation Act of 1987 (1987 Amendments) Public Law 100-17, 101 Stat, 246-256]

FEDERAL FINANCIAL REPORTS

Most federal programs require the periodic preparation of financial reports. During an audit, the auditor reviews supporting documentation and the timeliness and accuracy of the reports submitted.

[Section 41 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" and Treasury Circular 1075, "Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs"]

APPLICATION PROCESS

APPLICATIONS FOR GRANTS

A grant application is a legal agreement between the applicant and the Office of Public Instruction (OPI). An applicant may be a school district, a consortium, a special education cooperative, or a nonprofit entity.

The OPI requires each of its subgrant recipients to sign a "Common Assurances" form (see Appendix B), which is the recipient's agreement to follow important state and federal laws and regulations related to administration of state and federal grant programs. On the Common Assurances form, the recipient agrees to the designation of an Authorized Representative (AR) for each program in which they participate. Assurances not common to all programs may be included in individual grant applications.

Each federal grant award administered by the OPI requires a person to act as the AR for that program. The AR is a liaison between the grantor, the OPI, and the subgrantee (see Section 700 in this manual).

APPLICATION PROCESS -- NONCOMPETITIVE GRANTS

1. Application forms are sent from the OPI to the AR.

2. The AR leads a cooperative effort of administrators, business managers, parents, teachers and other staff in planning the activities of the project and filing the application with the OPI.

3. APPROVAL: The OPI approves the application; or

   PRELIMINARY DISAPPROVAL: The OPI disapproves the application. If the application is not approved, the OPI will send written notification to the applicant of the preliminary disapproval and the reasons for preliminary disapproval, and will provide the applicant an opportunity to correct deficiencies that caused the disapproval.

   FINAL DISAPPROVAL: A preliminary disapproval notice will become final if the applicant does not correct deficiencies in the application and does not request a hearing within the time allowed (see COMPLAINTS AND HEARINGS PROCESS below).

4. The OPI sends written notice of approval to the AR.

5. The AR will share all written notices and program instructional materials with other administrators, business manager/clerk or other management official(s), local program/project directors, teachers and other instructional or support staff, as appropriate.

APPLICATION PROCESS -- COMPETITIVE GRANTS

1. A notice that application forms are available is sent from the OPI to ARs. Interested ARs request application forms from the OPI.

2. The AR leads a cooperative effort of administrators, business managers, parents, teachers and other staff in planning the activities of the project and filing the application with the OPI.

3. APPROVAL: The OPI approves the application and sends written notice of approval to the AR (see example in Appendix B); or

   DISAPPROVAL: The OPI disapproves the application and sends written notice of disapproval and the reason for disapproval to the AR.

4. The AR will share all written notices and program instructional materials with the other administrators, business manager/clerk or other management official(s), local program/project directors, teachers and other instructional or support staff, as appropriate.

COMPLAINTS AND HEARINGS PROCESSES

At times, a subrecipient may disagree with the OPI actions or decisions involving federal and state grant programs. In those cases, the subrecipient may ask for reconsideration of the action or decision by appealing using processes outlined in this section.

The following are examples of situations in which a subrecipient may enter a complaint and/or request a hearing:

1. The OPI denied a noncompetitive grant application submitted by the entity or did not make an award for the application;

2. The OPI requires certain corrective action on an audit finding or as a result of site visit or other monitoring effort, and the entity does not agree that corrective action is necessary; or

3. The entity feels the OPI has otherwise violated a specific federal statute or program regulation.

4. Terminating further assistance for an approved project.

In the event the state education agency proposes to deny, in whole or part, any subgrantee application for noncompetitive federal monies, the district shall be afforded reasonable notice of:

1. The intent to deny the application and the reasons for denial; and

2. The district's right to request a hearing before the state education agency prior to final denial of the application.

The application by the subgrantee may be denied, in whole or part, if the subgrantee fails to request a hearing.

COMPLAINT PROCESS -- Used in cases where a subrecipient feels the OPI or another organization has violated a specific law or regulation.

A. FILING A COMPLAINT

1. Any individual or organization may file a written, signed complaint with the OPI. The complaint must be addressed to the OPI program director.

2. The complaint must include a statement that the OPI or subgrantee has violated a requirement of a federal statute or regulation, or state statute or administrative rule, that applies to the state or federal grant program.

3. The statement must identify:
   a. The specific section of the law, regulation or administrative rule that has been violated; and
   b. The facts upon which the statement is based.

B. OPI RECEIPT AND REVIEW OF COMPLAINT

1. The OPI will review and act on any complaint within 60 days of the date the complaint was received.

2. The OPI may take one or more of these actions to review and resolve the complaint:
   a. Resolve the complaint based on facts presented;
   b. Request additional data to be used in resolving the complaint; or
   c. Conducting an on-site review to collect data to resolve the complaint.

3. If an LEA's decision is being appealed, the OPI will resolve the appeal or provide a decision within the 60 days.

4. If resolution is not possible within 60 days due to exceptional circumstances, the OPI may provide an extension on the time limit for resolution;

5. The OPI will notify the filer of the complaint in writing of the resolution.

6. If the OPI does not rescind their action, the applicant may file an appeal to the U.S. Secretary of Education within 20 days of the OPI's ruling on the hearing. If supported by substantial evidence, findings of fact of the OPI will be final. The OPI will provide the filer of the complaint with the address of the federal contact person at the time the OPI sends the written notice of resolution.

7. The Secretary may also issue interim orders to the OPI, if necessary, pending appeal or review.

8. If the Secretary determines that the action was contrary to laws or regulations, the Secretary may issue an order to the OPI to take appropriate action. Failure to comply may cause the loss of all federal assistance to the state.

HEARINGS PROCESS -- Used in cases when the subrecipient disagrees with the OPI actions, such as the resolution of an audit finding, additional monitoring required of the entity as the result of an on-site visit or other monitoring effort, withholding of a portion or all of an award because of failure to maintain effort, failure to provide a match, disapproval of a noncompetitive grant application, etc.

The hearings process will be as follows: (34 CFR 76.783, 76.401)

1. The applicant must submit a written request for a hearing to the appropriate OPI program director.

2. Special requirements related to audit resolution problems:
   a. Address the request to the OPI School Accounting Supervisor.
   b. When controversy over the acceptability of the entity's response to an audit finding is the cause of the request for hearing, the request must be received within 30 days of the date of the Department of Commerce's notice stating the audit response is not acceptable.

3. Within 30 days of receiving the applicant's request, the OPI will hold a hearing on the record and review its action.

4. Within 10 days after the hearing, the OPI will issue a written ruling, including findings of fact and reasons for the ruling.

5. If the OPI determines their action was contrary to law or regulations, the OPI will review their action and will change their action to be in compliance with law or regulations.

6. If the OPI does not rescind their action, the applicant may file an appeal to the U.S. Secretary of Education within 20 days of the OPI's ruling on the hearing. If supported by substantial evidence, findings of fact of the OPI will be final. The OPI will provide the entity with the address of the federal contact person at the time the OPI sends the written notice of resolution.

7. The Secretary may also issue interim orders to the OPI, if necessary, pending appeal or review.

8. If the Secretary determines that the action was contrary to laws or regulations, the Secretary may issue an order to the OPI to take appropriate action. Failure to comply may cause the loss of all federal assistance to the state.

COMMON ASSURANCES (CA)

Subgrantees/agencies/entities receiving education funds must certify, by signature of the authorized representative, that they will abide by legislated requirements as a condition for receipt of the funds (for example, that the funds will be used for the purposes for which they were intended).

Common Assurances for Federal Funding (see Appendix B) : Statements of required assurances that are common across many programs.

All education funds distributed by the Montana Office of Public Instruction are subject to specific state accounting and reporting requirements. In addition, several federal education programs have federal requirements that are the same from program to program. Rather than repeat the same assurance requests for each program, the OPI has gathered together those assurances that are the same for several programs and placed them in one common assurance document. That document also contains a few program-specific assurances that are listed under the title of the program.

Process for Common Assurances:
Each year, the authorized representative for a subgrantee that may receive education funds from the OPI is asked to certify to the OPI that the subgrantee will comply with the requirements listed in the Common Assurance form prior to receipt of program funds. The list of common assurances and

a copy of the signed certification are to be kept on file by each entity. If the assurances are unchanged from one year to the next, the certification will be that no conditions have changed since the original certification of common assurances. When requirements for assurances change, a new Common Assurance listing will be distributed for certification by subgrantees/agencies/entities receiving education funding.

MAINTENANCE OF EFFORT (MOE)

DEFINITION AND PURPOSE

"Maintenance of Effort" (or "MOE" or "Maintenance of Fiscal Effort") is required by many grant programs. The purpose of a maintenance of effort requirement is to ensure the recipient of federal funds does not spend those funds in place of state and local dollars. The MOE ensures a recipient spends state and local dollars for the same activities that would be provided if federal dollars were not available. Thus, federal programs supplement the normal activities of the entity and do not replace, or supplant, their normal activities.

Subrecipients who do not meet MOE requirements may lose eligibility to a portion or all of the grant funds under the program which require it.

TYPES OF MAINTENANCE OF EFFORT

There are four types of MOE monitored by OPI. They are:

1. Title I MOE -- also used for Titles II, III, IV, VI (state level) and Education of Homeless Children/Youth.

2. IDEA MOE -- used for IDEA Part B and IDEA Preschool Grants.

3. Carl Perkins Vocational Education MOE -- Required on a statewide level, not at individual subrecipient level.

4. Adult Basic Education MOE -- Required on a statewide level, not at individual subrecipient level.

COOPERATIVES/CONSORTIUMS AND MAINTENANCE OF EFFORT

When the prime applicant is a special education cooperative or a consortium, MOE is based on the combined activity of the cooperative's or consortium's members. The eligibility for continued funding under a program requires MOE by the cooperative or consortium as a whole. Failure of the *combined membership* to maintain effort as a cooperative or consortium may result in loss of funding for the cooperative or consortium.

HOW THE OPI MONITORS MAINTENANCE OF EFFORT

Each prime applicant of federal funds is responsible for ensuring the entity maintains effort. As a subgrantor, the OPI is required to monitor and confirm that each of its subrecipients maintained effort.

The OPI confirms MOE for school districts and special education cooperatives using data reported on the district's or cooperative's annual Trustees' Financial Summary (TFS) submitted to the OPI each September, and by reviewing audit reports.

TIMELINE FOR MAINTENANCE OF EFFORT

September 15	The OPI receives annual Trustees' Financial Summary (TFS) reports from school districts and special education cooperatives.
December 1	The OPI calculates preliminary MOE and notifies recipients of their status.
By December 20	School districts and special education cooperatives must submit any changes/corrections to data reported on their TFS reports to the OPI. Changes after this date will only be accepted through the hearings process.
After December 20	The MOE calculations are finalized.
April - June	The OPI reports final MOE status to districts as part of the application process for the next year.

SPECIFIC PROGRAM REQUIREMENTS FOR MAINTENANCE OF EFFORT

ESEA Titles I, II, III, IV and VI, and Education of Homeless Children and Youth (Stuart B. McKinney Act):

A recipient may receive its full allocation if either the combined fiscal effort per student or the aggregate of all expenditures of local funds used for providing a free public education for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding year. The MOE for these programs is calculated using data reported on the school district's Trustees' Financial Summary (TFS) (see explanation of calculation in Appendix D).

MAINTENANCE OF EFFORT FOR IDEA PART B AND PRESCHOOL

A recipient may receive its allocation if the expenditures for special education and related services in the preceding year were at least equal to the expenditures for special education and related services in the second preceding year.

For approval of applications under Part B through state FY'99, the applicant may not reduce expenditures of state and local funds for special education and related services below the level of those expenditures for the preceding fiscal year. Effective for applications beginning state FY'00, the applicant may not reduce expenditures of local funds for special education and related services below the level of those expenditures for the preceding fiscal year. This change to the Maintenance of Effort requirements results from the 1997 amendments to IDEA.

Effective with applications made for state FY'98, an applicant may reduce the level of expenditures below the level of those expenditures for the preceding fiscal year if the reduction is attributable to certain situations.

The MOE for members of a special education cooperative is determined for the cooperative as a whole. Expenditures of the member districts and the cooperative itself are combined to calculate MOE.

The MOE for these programs is calculated using data reported on the school district's Trustees' Financial Summary (TFS) (see explanation of calculations and exceptions in Appendix E).

The MOE for Carl Perkins Vocational Grants

The state provides the match for Carl Perkins programs by matching the portion of the statewide grant used for state administration with state Vocational Education moneys paid to subgrantees. No further match is required for subgrantees of Carl Perkins grants.

The MOE for Adult Basic Education

The state must meet an MOE requirement to be eligible for continued funding. The OPI subrecipients are not required to individually meet MOE.

For more information about MOE requirements, contact the OPI program representative or accountant.

MATCHING REQUIREMENTS

Several of the federal grants administered by the OPI require the subgrantee to "match" the grant funds using local dollars. When a match is required, the recipient must spend the required amount of state and local dollars in order to be eligible to spend the grant funds. If a subgrantee does not meet the matching requirements of a particular grant, the OPI must disallow the grant expenditures and may require repayment of grant funds used without providing the necessary match.

MONEY USED FOR MATCHING

Grant regulations specify the type and amount of required match. Depending on the program, the match may include cash outlay and/or in-kind contributions. Generally, matching requirements state the recipient must spend state and/or local dollars to provide the match.

"Cash outlay" is the subgrantee's cash spending. The cash may have come to the subgrantee from individuals, public agencies, institutions, private organizations, etc. Although not common, other federal grants may be used as cash outlay to meet matching requirements when authorized by the program's regulations.

"In-kind contributions" are the value of non-cash contributions made by the subgrantee, individuals, public agencies, institutions, private organizations, etc. They may include charges for real property and equipment and the value of goods and services directly benefiting and specifically identifiable to the grant program. Although not common, property purchased with other federal grants may be used as in-kind contributions to meet matching requirements when authorized by the program's regulations.

ACCOUNTING FOR THE MATCH

A subgrantee is responsible for demonstrating the appropriate matching funds were spent. To do that, a recipient must record expenditures of the grant AND the matching expenditures in enough detail to track the match.

Usually, the clerk tracks matching funds by using the same expenditure program number to record the expenditure of matching funds as is used for expenditure of the grant funds themselves. For example, charges to the Title I--Even Start Family Literacy grant are recorded using expenditure program 290, so matching funds spent in the general fund would also be charged to expenditure program 290. See Section 3-0600 of the School Accounting Manual for expenditure program code identifiers.

MATCHING REQUIREMENTS BY PROGRAM

Title I, Part B--Even Start Family Literacy and Migrant Even Start

Recipients must contribute a matching share as the federal share decreases each year of the program as follows:

1st year	10% match required
2nd Year	20% match required
3rd Year	30% match required
4th Year	40% match required
5th - 8th Years	50% match required

Title II -- Eisenhower Professional Development

In order for a subgrantee or consortium to receive Title II-Eisenhower Professional Development Program funds, federal statute requires that the LEA must provide local matching funds. Section 2209 of Public Law 103-382 addresses the local matching requirement. The total cost of local professional development activities must be supported by funding from non-Title II sources and the district/consortium Title II allocation. Prime applicant districts are responsible for documenting the local matching amount and sources. The expenditure program for this grant is 288.

The recipient must provide not less than 33 percent of the funding for activities assisted under the grant, excluding the cost of services provided to private school teachers. Each recipient must match every two dollars of federal funding with one dollar of local resources, which may come from other federal programs such as Title I, or from non-Federal sources.

To calculate the required local matching amount, divide the total Title II allocation by two; that amount represents the local match. To determine the total cost of the local professional development activities, add the local matching amount to the total Title II allocation. In other words, if a district Title II allocation is $6,000, that district is required to provide at least $3,000 as local match. The total cost of the local professional development activities is $9,000.

Adult Basic Education (ABE)

The higher amount of the matching (25 percent) or maintenance of effort requirement is the amount the State Education Agency (SEA) is required to meet during a particular fiscal year. Local program efforts toward meeting this requirement of the SEA is a part of the ABE competitive grant process.

Learn and Serve Montana
The Learn and Serve Mini-grants have a 10 percent in-kind match this year.

Gifted and Talented
Gifted and talented grants require 100 percent or more in cash; in-kind match is not allowed.

ESEA TITLE I, PART A COMPARABILITY

A local education agency (LEA) may receive Title I Part A funds only if it uses state and local funds to provide services in project areas that are at least comparable to the services provided in school attendance areas that are not receiving Title I funds. If the LEA selects all of its school attendance areas as project areas, the LEA must use state and local funds to provide services that are substantially comparable in each project area.

A state education agency (SEA) shall consider an LEA to have met the comparability requirement if the LEA:

1. files with the SEA a written assurance that the district has established and implemented a districtwide salary schedule, a policy to ensure equivalence among schools in teachers, administrators and auxiliary personnel, and a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies; and
2. establishes and implements other measures for determining compliance such as student/ instructional staff ratios.

Records: If the LEA files a written assurance that it has established and implemented a districtwide salary schedule and policies to ensure equivalence among schools in staffing and in the provision of materials and supplies, it must keep records to document that the salary schedule and policies were implemented and that equivalence was achieved among schools in staffing, materials and supplies. If the LEA established and implemented other measures for determining compliance with comparability such as student/instructional staff ratios, it must maintain source documentation to support the calculations and documentation to demonstrate that any needed adjustment to staff assignments was made.

School districts fall into one of the following categories: (Buildings with an enrollment of less than 100 are excluded.)

1. Only one school per level in the district.

2. Districts with more than one school per level; all schools eligible for Title I and all schools being served by Title I.

3. Districts with more than one school per level; all schools eligible for Title I, but only part of them being served by Title I.

4. Districts with more than one school per level; some schools eligible for Title I and some not eligible for Title I service.

Districts in category 1 are not required to file comparability reports. Districts in categories 2, 3 and 4 must file a comparability report (see Appendix B for example of Title 1 Comparability Report and instructions).

CARRYOVER FUNDS

BASIC CARRYOVER PROVISIONS

"Carryover" funds are grant funds which, if not obligated by the end of the project period, remain available to the subgrantee for one additional fiscal year.

Grant project periods for most of the grants administered by the OPI begin July 1, and end on either June 30 or September 30. For **some** grants, funds that remain unobligated at the end of the project period are considered for inclusion in the ensuing year's project as carryover.

The following grants allow carryover:
ESEA Titles I, II, IV and VI
IDEA B and Preschool

Costs allowable using carryover funds are subject to the same requirements as all other funding under that particular federal program. A recipient must spend the carryover funds in compliance with the same regulations and terms as other program funds in that year's award.

RESTRICTIONS FOR ESEA TITLES I, II, IV and VI

Federal regulations for ESEA programs under Title I, Title II, Title IV and Title VI allow districts to "carryover" (within limits) the unexpended portion of one year's allocation and add it to the project for the next year. These percentage limitations are applied at the end of the project period using the fiscal close-out report.

- The carryover amount for Title I is limited to 15 percent of a district's total allocation for districts that receive an allocation of $50,000 or more.

- The carryover amount for Title II, Title IV and Title VI is limited to 25 percent of a district's total allocation. This percentage is set in statute for Title IV and is established by the OPI as "a prudent and justifiable reserve for operating effectively during the succeeding fiscal year" for Titles II and VI.

- A district may submit a written request for a waiver to one or more of the ESEA carryover limitations by June 1. In the case of Title I, a request may be granted only once every three years. Criteria for approval of such requests and detailed directions on submission are available from the OPI program specialists for each program.

RESTRICTIONS FOR IDEA PART B AND PRESCHOOL FUNDS

The IDEA regulations do not limit the amount of carryover for Part B or Preschool entitlement funds. Therefore, any "current-year" funds in an applicant's project which were not expended during the project year will be automatically provided to the applicant in the next school year as carryover funds.

"AUTOMATIC" CARRYOVER

The OPI automatically allows subgrantees to carryover the funds which are subject to the allowable carryover provisions.

To do this, the OPI verifies final carryover amounts for all programs after receiving final fiscal closeout reports and refunds. The OPI determines final carryover amounts and then amends the subgrantee's appropriate project budget by adding the final carryover amount (up to any percentage limitation as explained above) into the Operating Expenses category of the budget. If an indirect cost rate was included on the proposed and first-approved budgets, the OPI recalculates the maximum amount allowable for indirect cost recovery on the new award subtotal.

The OPI sends a copy of the revised budget--signed, dated, and approved--to the authorized representative. The subgrantee has spending authority for these funds beginning on the approval date of the amendment. An amended Annual Cash Request Form (see Appendix B) should be submitted to request an advance of the cash available from carryover.

NONPUBLIC SCHOOL PARTICIPATION

Federal statutes require that public school districts consult with NONPUBLIC schools within their boundaries concerning the availability of the various federal programs in which nonpublic schools may participate, whether individually or in a consortium or cooperative. All districts must offer the opportunity for a free and appropriate public education for students with disabilities residing within their boundaries.

Nonpublic School Participation Notification

Annually, public school districts will consult with all nonpublic schools within their boundaries, informing them of opportunities to participate in federal education programs and designing programs that will benefit the participating public and nonpublic school students.

Process for Nonpublic School Participation Notification

In late March, the OPI provides districts with forms to use for nonpublic school participation notification, lists of nonpublic schools reported in October and program descriptions.

Between March and early May, districts will notify all nonpublic schools (private and home) within their boundaries of a general meeting to explain the federal programs for which nonpublic students are eligible and invite them to participate. Home school parents may have completed check-off forms requesting that the district not contact them at any time in the future about federal program participation.

Districts should maintain records of schools contacted and the method of notification (some use registered mail). Following distribution of the information and meaningful consultation with nonpublic schools, districts return Nonpublic Participation in Federally Funded Programs to the OPI the first week in May, informing the OPI that they have had meaningful consultation with the nonpublic schools within their boundaries and listing which nonpublic school students will participate in the federal programs with the public school district.

BASIC PROVISIONS

The authorizing statutes for most federal programs administered by the OPI require that the state and subgrant recipient provide for participation by students enrolled in private schools. Some programs also allow participation by private school staff.

The regulations in 34 CFR 76.650-662 provide specific guidance for all U.S. Department of Edcuation programs except ESEA Titles I and VI. Authorizing statutes of those two programs specifically address the participation of private schools in Titles I and VI.

Subgrant recipients sign a "Common Assurances Form" which indicates the intention of the recipient to provide equitable services to eligible private school students under the various programs. Copies of forms are kept on file at the OPI and must be retained by each subgrant recipient for audit purposes.

ADMINISTRATIVE RESPONSIBILITY FOR PRIVATE SCHOOL PARTICIPATION

Subgrant recipients must fulfill these general administrative responsibilities: (34 CFR 76.651-662)

1. Provide eligible private school students a genuine opportunity for equitable participation in accordance with federal laws and regulations for a program;

2. Provide private school students the opportunity to participate consistent with the number of private school students and their needs;

3. Maintain administrative control over federal funds and federal property used for students enrolled in private schools;

4. Consult annually with representatives of students enrolled in private schools during all phases of development and design of various programs, including:
   - -- Which children will receive benefits of the program.
   - -- How childrens' needs will be identified.
   - -- What benefits will be provided.
   - -- How benefits will be provided.
   - -- How the project will be evaluated.

5. Assure that program benefits provided for private school students are comparable in quality, scope, and opportunity to participate as are benefits provided to students in public schools;

6. Assure that if needs of students in private schools are different than in public schools, the benefits provided are different;

7. Assure that equitable opportunities are provided for students in private schools as provided to students with the same needs in public schools;

8. Assure the program funds are not used to finance the existing level of instruction or otherwise benefit the private school;

9. Assure the same average amount of program funds are spent for benefits to private and public schools, or that the average cost is different because the needs differ from needs of students in public schools;

10. Keep title and control over equipment purchased for use in a private school;

11. Place equipment and supplies in a private school for the time needed for the project;

12. Assure that equipment or supplies placed in a private school are used only for the project and are removable without remodeling at the end of the project;

13. Remove equipment or supplies from a private school if they are no longer used for the project or if necessary to avoid use on a different project;

14. Assure that program funds are not used for construction of private school facilities;

15. Use program funds to pay services of an employee of a private school if the services are performed outside the regular workday and if the employee performs the services under the control and supervision of the public school; and

16. Report private school fiscal and evaluation data by program to the OPI as required by various program regulations.

SPECIFIC PROGRAM ELIGIBILITY

ESEA Title I: To receive Title I services, a private school student must reside in the Title I project area and must meet the same standard of educational deprivation that the subgrant recipient uses to select students to participate in its Title I program.

Title I funds may not be used to identify eligible private or public school children, but Title I funds may be used to identify specific educational needs of children who have been identified as eligible.

ESEA Title I, Part C, Migrant Ed: To receive services, a private school student must be one whose parent or guardian is a migratory agricultural worker and who has moved within the last 12 months to obtain temporary or seasonal employment.

Migratory students aged 3-21 may be eligible. In some cases, siblings birth through 2 years may also be eligible.

IDEA Part B: Any private school student identified as an eligible student under Part B must be provided an opportunity for free, appropriate public education by the public school.

ESEA Title II Eisenhower Professional Development Program: Staff from a private, nonprofit school may be eligible. The private school must indicate a desire for staff to participate. The OPI allocates funds based on the student enrollment count taken during the preceding year.

"SEC. 2202. ALLOCATION OF FUNDS. 20 USC 6642.

"(1) Fifty percent shall be allocated among such jurisdictions on the basis of their relative populations of individuals aged five through 17, as determined by the Secretary on the basis of the most recent satisfactory data.

"(2) Fifty percent shall be allocated among such jurisdictions in accordance with the relative amounts such jurisdictions received under Part A of Title I for the preceding fiscal year...".

ESEA Title III Technology Literacy Challenge Fund: School districts must provide opportunity for nonpublic participants in an equitable manner.

ESEA Title IV Safe and Drug-Free Schools and Communities: Students and staff from a private, nonprofit school may be eligible. The OPI allocates funds based on the student count taken during the preceding year.

ESEA Title VI Innovative Education Program Strategies: A student enrolled in a private school operating within a public school's boundaries, and whose parents indicate a desire to participate in the program, may be eligible. The OPI allocates money to a recipient for private school student participation based on student counts taken in the preceding year.

ESEA Title VII, Part C, Emergency Immigrant: Students identified as immigrant under the Immigration and Nationality Act and who are enrolled in a private, nonprofit school, may be eligible.

300 PROGRAM COSTS

ALLOWABLE AND UNALLOWABLE COSTS (OMB CIRCULAR A-87)

The Office of Management and Budget (OMB) Circular A-87 provides uniform rules for determining allowable costs of federal grants and contracts with state and local governments. The basic intent of the circular is that federally assisted programs bear their fair share of costs.

ALLOWABLE COSTS

The OMB Circular A-87 provides for uniform standards of allowability, uniform standards of allocation, identity of the full costs to federal programs, assurance that federal programs bear their fair share of costs, and simplification of intergovernmental relations.

To charge to federal programs, costs must be:

a. necessary and reasonable to the performance and administration of the project;
b. allocated equitably to the federal award, including nonfederal activities;
c. authorized or not prohibited by state or local laws or regulations;
d. in accordance with limitations and exclusions in OMB Circular A-87 regarding specific types of costs and amounts;
e. consistently treated as nonfederal costs are treated;
f. charged either as a direct cost or an indirect cost, but not both;
g. recorded and reported in conformance with Generally Accepted Accounting Principles;
h. excluded from costs used to meet matching requirements for another federal award, except where specifically allowed by program regulations;
i. net of applicable credits;
j. approved in advance if subject to prior approval requirements;
k. incurred in accordance with competitive purchasing procedures, if required; and
l. adequately supported by source documentation.

(A copy of the full text of OMB Circular A-87 can be obtained from the school budgeting and accounting staff at the OPI.)

The cost of audits made in accordance with the provisions of the Single Audit Act and OMB Circular A-133 (i.e., "federal" audits for entities spending more than $300,000 in federal funds) are allowable as direct or indirect charges to federal grants. Entities not spending $300,000 in federal funds may not charge audit costs directly or indirectly to federal programs. The OMB Circular A-133 audit costs charged directly to federal programs must be based on the allocation plan found in OMB Circular A-87.

UNALLOWABLE COSTS

The following list of types of costs are unallowable under most federal programs:

a. Bad Debt Writeoffs;
b. Contributions to a Contingency (Emergency) Reserve;
c. Entertainment;
d. Fines and Penalties;

e. Governor's Expenses;
f. Interest on Borrowings;
g. Legislative Expenses (includes any political spending); and
h. Excess of Costs Over the Grant Amount.

In addition, credits, such as purchase discounts, price adjustments, and federal funds available from other sources, must be deducted from total costs.

GRANT PERIOD
Costs must always be incurred within the award period to be allowable. Preaward costs may, in some cases, be specifically authorized in writing by the grantor.

DISALLOWANCE OF COSTS
Unallowable costs charged to a grant program may later be disallowed by an auditor or grantor and may be required to be refunded or withheld from future payments to the grantor.

INDIRECT COST (IDC) RECOVERIES

DEFINITION OF INDIRECT COSTS
An **"indirect cost (IDC)"** is a cost which is incurred for a common or joint purpose benefitting more than one cost objective, which is not readily assignable to a specific program being benefitted. The IDCs are "pooled" and charged by allocation to various programs.

An **"indirect cost rate"** is a percentage approved for recovery from state and federal programs. The rate for a public school district must be approved annually by the OPI (see Appendix B for an example of approved rate application).

An **"indirect cost recovery"** is an amount allowed to be charged to a federal grant based on application of an approved IDC rate. The IDC recoveries are "drawn" from a grant award as expenditures are incurred. The amount of a grant award is not affected by IDC recoveries, but the amount of the award available for direct costs of the project is smaller if IDCs are drawn from the award.

APPLYING FOR AN INDIRECT COST RATE
Public school districts who want to recover IDCs for federal or state programs administered by the OPI or any other agency of the state or federal government must file a "Certification and Request for Authorized Indirect Cost Rate" application to the OPI for approval. An application filed in the spring (usually by March 31) will be the basis for a rate applicable to awards received in the following school year. An application for an IDC rate must be approved before IDCs can be recovered. Rates will not be approved after June 30 of the year of the award (see Appendix B for an example of Indirect Cost Rate Application).

Subgrantees which are not public schools should contact the federal agency which awards them the greatest amount of federal funds. That agency is the "Federal Cognizant Agent" and is responsible

for ensuring the subgrantee's overall compliance with indirect cost recovery regulations, including the rate used.

INDIRECT COST RATES FOR GRANT AWARDS TO COOPERATIVES/CONSORTIUMS
The indirect cost (IDC) rate approved for the prime applicant of a consortium may be used by that subgrantee to claim IDC recoveries when they are allowed.

When an elementary school district and a high school district form a consortium for application for a grant, the district acting as prime applicant for the grant will apply their approved IDC rate when claiming IDC recoveries. For example, if an elementary school district is the prime applicant for the ESEA consolidated application, the elementary's approved IDC rate is the rate that will be allowed for IDC recoveries from ESEA programs.

Pass-through entities (i.e., subgrantees who receive the IDEA grant and transfer it to members of their consortium or cooperative) may not claim any IDC recoveries on pass-through funds.

Special education cooperatives are not authorized to claim Indirect Cost Rates recoveries on OPI-administered programs.

SPENDING INDIRECT COST RECOVERIES
Section 20-9-507, MCA, provides Indirect Cost Rates (IDC) recoveries may be spent at the discretion of the trustees. Accordingly, the school district should adopt a policy addressing how they will spend indirect cost recoveries. The IDC recoveries should be used for general administrative expenses and should not be accumulated beyond the end of the fiscal year unless a spending plan has been approved by the trustees.

LIMITS ON THE RECOVERY OF INDIRECT COSTS
Three major limitations affect how much indirect costs may be recovered. These limitations are:

1. APPROVED RATE OR LOWER RATE ALLOWED BY FEDERAL PROGRAM: The rate negotiated with the Office of Public Instruction or federal cognizant agent is the maximum allowable indirect cost for any federal program in which the subgrantee participates. Federal law or grant conditions may further limit the amount of indirect costs or the indirect cost rate. For example, if the subgrantee has a restricted rate of 5 percent and the law allows only a 3 percent rate of recovery for that program, then the subgrantee can only recover indirect costs equal to 3 percent of the direct costs. Some grants may prohibit any recovery of indirect costs.

2. AVAILABILITY OF FUNDS: Recovery of indirect costs on grants is subject to the availability of funds. Most restricted grants are allocated to the state as a block grant in which each sugrantee is entitled to a maximum grant amount. The total direct costs plus indirect costs cannot exceed the maximum entitlement.

3. DIRECT COSTS INCURRED: Indirect costs are recovered only to the extent of direct costs incurred. The **indirect cost rate is applied to the direct cost amount expended less capital outlay and subgrants/transfers to other entities**, not to the grant award.

4. RATES APPROVED AFTER THE GRANT BEGINS: Subgrantees may apply for rates midyear; however, rates approved midyear may only be applied to expenditures incurred after rate approval. When applying midyear, subgrantees must submit expenditure totals to date to allow the OPI to monitor IDC recoveries after the rate is approved.

USING THE INDIRECT COST RATE

Once the proposal has been approved by the Office of Public Instruction or federal congnizant agent, the subgrantee may elect to:

1. Apply the approved and applicable rate to all eligible state and federal projects;

2. Apply the approved and applicable rate only to specific eligible projects; OR

3. Not apply the rate to any projects.

4. Apply the rate approved or less than the rate approved. If the rate applied is less than the rate approved, it is not necessary to apply the reduced rate uniformly to all projects.

BUDGETING FOR INDIRECT COST RECOVERIES

The following formula determines the amount that may be budgeted for indirect cost recoveries:

Budgeted IDC Recovery = Approved Indirect Cost Rate % / (1.00 + Indirect Cost Rate %) X (Total Award less Capital Outlay and Subgrants/Transfers)

"Capital outlay" includes payments for equipment and facilities acquisition. The IDC recovery cannot be claimed for capital outlay expenditures. Exclude those expenditures from the award amount in calculating the budgeted IDC recoveries.

CALCULATING AND RECORDING ACTUAL INDIRECT COST RECOVERIES

The IDC recoveries may be taken on actual expenditures incurred, less capital outlay.

Example:

If actual total direct expenditures less capital outlay are $10,000 and the IDC rate approved by OPI is 3%, a subgrantee could take "indirects" up to $300. This amount should be "transferred" from the grant to the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund (15) where it should be spent for administrative and overhead expenses at the discretion of the trustees (20-9-507, MCA).

INDIRECT COST RECOVERIES SUBJECT TO AUDIT

The IDC recoveries are subject to audit during the entity's annual audit. The OPI will also monitor fiscal closeout reports to ensure IDC recoveries were appropriate.

The OPI or any other grantor, including the federal government, may require a recipient to repay IDC recoveries if a recipient draws too much IDC recovery from an award. **Common causes of overdrawn IDC recoveries include:**

1. Using an IDC rate that exceeds the approved rate;

2. Drawing the amount of IDC recovery listed on the project budget instead of applying it to actual expenditures, less capital outlay; and

3. Failing to exclude capital outlay from the actual expenditures used to calculate the amount of IDCs drawn.

PROCUREMENT

Each subrecipient should have written policies for the procurement of goods and services. The policies must be based on state and federal laws and regulations on procurement. The major requirements in state and federal laws and regulations are summarized here.

SCHOOL PURCHASING LAWS

Schools must follow MCA 20-9-204 regarding bids for all purchases, including purchases using federal and state grant funds. This law requires:

1. Except for district needs that must be met due to an unforeseen emergency as defined in 20-3-322(5), MCA, whenever the estimated cost of any building, furnishing, repairing, or other work for the benefit of the district or purchasing of supplies for the district exceeds the sum of $15,000, the work done or the purchase made must be by contract.

2. Each contract must be let to the lowest responsible bidder after advertisement for bids.

3. The advertisement must be published in the newspaper that will give notice to the largest number of people of the district as determined by the trustees. The advertisement must be made once each week for two consecutive weeks, and the second publication must be made not less than five days or more than 12 days before consideration of bids.

4. A contract not let pursuant to this section is void.

5. Whenever bidding is required, the trustees shall award the contract to the lowest responsible bidder, except that the trustees may reject any bids.

6. Nothing in this section requires the board of trustees to let a contract for any routine and regularly performed maintenance or repair project or service that can be accomplished by district staff whose regular employment with the school district is related to the routine performance of maintenance for the district.

7. School district trustees may not:
   a. Have any "pecuniary interest," either directly or indirectly, in any contract made by the trustee while acting in that official capacity or by the board of trustees of which the trustee is a member; or
   b. be employed in any capacity by the trustee's own school district.

   "Pecuniary interest" does not include holding an interest of 10 percent or less in a corporation;

"Contract" does not include:

(i) merchandise sold to the highest bidder at public auctions;

(ii) investments or deposits in financial institutions that are in the business of loaning or receiving money when the investments or deposits are made on a rotating or ratable basis among financial institutions in the community or when there is only one financial institution in the community; or

(iii) contracts for professional services, other than salaried services, or for maintenance or repair services or supplies when the services or supplies are not reasonably available from other sources if the interest of any board member and a determination of the lack of availability are entered in the minutes of the board meeting at which the contract is considered.

Section 20-9-205, MCA, prohibits splitting a project or purchase in order to circumvent the bid laws.

WRITTEN CODE OF CONDUCT

All subrecipients of federal grants must have a written code of standards governing performance of their employees engaged in awards and administration of contracts. The code should:

-- Disallow conflicts of interest, real or perceived, from being tolerated.
-- Disallow tips or favors from being taken from contractors or potential contractors.

FEDERAL REQUIREMENTS FOR PROCUREMENT POLICIES

Subrecipient policies for expenditures using federal grants must ensure the entity will:

-- Avoid unnecessary purchases and duplications.
-- Encourage the most economical purchases (Lease vs. Purchase, etc.).
-- Use common goods and services, such as state term contracts, etc., to get the best deals.
-- Use federal surplus items in lieu of purchasing additional items.
-- Award contracts only to responsible contractors based on such things as organizational integrity, past performance, etc.
-- Provide full and open competition, by not: 1) placing unreasonable requirements on firms to qualify to do business; 2) requiring unnecessary bonding or experience from a firm to qualify; 3) allowing noncompetitive pricing between vendors; 4) using retainer contracts; 5) specifying brand names instead of allowing "equal" quality products; or 6) applying any other arbitrary action that unfairly discourages competition.
-- Avoid geographical preferences, except those required by state law.
-- Identify all qualifying requirements in the request for proposals.
-- Include written selection procedures for procurement to ensure clear, accurate description of the technical requirements for a material, product, or service.
-- Encourage contracts and awards with minorities.

PROCUREMENT RECORDS

Subrecipients must maintain procurement records which detail the history of purchasing decisions, including method of procurement and why it was chosen, type of contract used, contractor selection and the basis for it, basis for the contractor's price, etc. (see RECORDS RETENTION in Section 400).

RESOLUTION OF DISPUTES

Grantee and subgrantee are responsible for resolving contractual disputes. The federal grantor agency will only handle questions of federal law and disputes over protest procedures for failure to review a complaint or process.

PURCHASES AND SERVICES USING FEDERAL FUNDS - TYPE OF PROCESS REQUIRED

A summary of the type of process to use, depending on the organization and the amount of purchase, is shown below:

Goods/Services Under $15,000:

All subrecipients may take proposals from an adequate number of qualified bidders. Informal purchasing policies may be followed.

Goods/Services Over $15,000 but not over $25,000:

- -- School districts must follow formal bid procedures for purchases and service contracts greater than $15,000 as outlined in MCA 20-9-204 and 205.
- -- Other subrecipients may take informal bids from an adequate number of qualified bidders. Informal purchasing procedures may be followed.

Goods/Services Over $25,000:

Sealed bids and formal purchasing procedures, including formal advertising of bid process, are required for all subrecipients. Preferred method whenever construction is involved, even if not greater than $25,000.

Federal regulations require the formal purchasing procedures to include:

- -- Formal advertising;
- -- Sealed bids;
- -- Public bid opening process, at time and place advertised in invitation for bids; and
- -- Written awarding of a fixed price contract to the lowest bidder.

REJECTING BIDS

Under state and federal laws, subrecipients may reject any or all bids. However, the entity should adequately document the reasons for their actions.

NONCOMPETITIVE PROPOSALS

Noncompetitive proposals are only allowed when:

1. The purchase or service is less than $15,000 for a school district or $25,000 for a nonschool entity; AND EITHER

2. Sealed bids aren't feasible;

3. Item is available from only one source;

4. An emergency situation doesn't allow competition;

5. Federal awarding agency specifically allows noncompetitive process; or

6. After soliciting proposals from several sources, it is apparent competition is not feasible.

400 ACCOUNTING AND REPORTING PROCEDURES

FISCAL CONTROL AND ACCOUNTING REQUIREMENTS

OVERVIEW OF FEDERAL ACCOUNTING REQUIREMENTS

The federal government requires the Office of Public Instruction to set fiscal control and accounting procedures for its own funds and those of its subgrant recipients in accordance with state laws and policies.

These fiscal control and accounting procedures must:

1. Permit preparation of required reports for state and federal officials; and

2. Permit funds to be traced to a level of expenditures adequate to establish that the funds have not been used in violation of restrictions and prohibitions of program statutes.

FEDERAL FINANCIAL MANAGEMENT STANDARDS

Grant and subgrant recipients must meet the following financial management standards:

1. Provide accurate, current and complete disclosure of federally assisted activities in accordance with financial reporting requirements of the program;

2. Maintain records to adequately identify the source and application of funds for federally assisted programs: award letters, authorization statutes, obligations, unobligated balances, assets, liabilities, expenditures and revenue (see RECORDS RETENTION in this section);

3. Maintain effective control and accountability for all grant and subgrant cash, real and personal property and other assets. Recipients must adequately safeguard property and ensure it is used solely for authorized purposes;

4. Maintain comparisons of actual expenditures to budgeted expenditures for each grant;

5. Follow applicable federal Office of Management and Budget (OMB) cost principles, the OPI program regulations and the terms of the grant agreements;

6. Support accounting records with source documentation, e.g., cancelled warrants, paid invoices, payrolls, time and attendance records, contracts and award documents, etc.; and

7. Establish reasonable procedures to request funds as close as possible to the time they are needed to make payments for grant activities.

THE OPI REVIEW OF SUBGRANTEE'S FINANCIAL MANAGEMENT SYSTEM

The OPI may review the adequacy of the financial management system of any subgrant recipient as part of the preaward process or any time subsequent to the award.

The OPI reviews the annual or biennial audit reports of each subrecipient of federal and state funds to ensure compliance with federal and state audit requirements. Audits are more thoroughly discussed in Section 600 of this manual.

SEPARATE ACCOUNTING OF EACH GRANT PROJECT REQUIRED

Subgrantees must maintain a separate accounting of revenues and expenditures by project, by fiscal year (see Appendix C).

SCHOOL DISTRICTS--DEPOSIT OF GRANT FUNDS FROM THE OPI

Nearly all state and federal grants administered by the OPI and distributed to public school districts are required to be deposited into the Miscellaneous Programs Fund (15) of the Prime Applicant school district. Federal Impact Aid must be deposited into the district's Impact Aid Fund (26). Funds for federal grants for technology may be deposited into the Technology Acquisition Fund (28) or the Miscellaneous Programs Fund (15). Funds for state Technology Acquisition Grants must be deposited into the Technology Acquisition Fund (28).

FISCAL YEAR PERIOD

"Fiscal Year" means a year used as an accounting period. The state of Montana, including Montana school districts, uses a fiscal year that begins July 1 and ends June 30. The federal fiscal year is October 1 through September 30.

Federal programs administered by the OPI are generally "forward funded." That means the funds appropriated by Congress are available to states the following July 1.

BUDGETS AND MODIFICATIONS

BUDGETING FOR GOOD MANAGEMENT CONTROL

To ensure good fiscal control, each recipient of federal or state grant funds must establish a "line-item" budget for each project. That means that each expenditure account, such as instructional salaries, instructional supplies, rent and contracted services must be allocated an estimate of the amount of the grant which will be spent for that purpose. Planned indirect cost recoveries, equipment purchases, or pass-through funds must also be budgeted. Federal regulations require a recipient to maintain its accounting records in a manner that allows for comparison of actual expenditures to budgeted amounts for each grant.

However, recipients of the OPI subgrants are not required to submit detailed line-item budgets to the OPI for approval. The program budget submitted to the OPI is a summary of the recipient's line-item budget for each project.

An example of a project budget is shown in Appendix B.

BUDGET CHANGES THAT DO NOT REQUIRE THE OPI APPROVAL
Recipients may rebudget between line-items within an approved budget to meet unanticipated requirements without the OPI approval.

BUDGET CHANGES THAT DO REQUIRE THE OPI APPROVAL
Certain types of post-award changes in budgets and projects require the prior written approval of the OPI. They include:

Budget Changes:
1. Additional purchases of equipment items costing $5,000 or more per item; and

2. A revision in the budget which results in a change in the overall funding.

Programmatic Changes:
1. A change in the program components, regardless of whether there is an associated budget revision; and

2. A request to extend the project period from June 30 to September 30, except for ESEA Titles I, II, IV and VI which are approved for 15 months (July 1 to September 30 of subsequent year).

BUDGET AND PROGRAM MODIFICATION REQUEST FORM REQUIRED
The OPI form titled "Annual Budget and Program Modification Request" must be used to request a budget amendment (see example in Appendix B).

OBTAINING WRITTEN APPROVAL BEFORE INCURRING OBLIGATIONS
Budget modifications which require approval must be submitted to the OPI and approved before making obligations or expenditures.

PROJECT EXTENSIONS

DEADLINES FOR PROJECT EXTENSIONS
With the OPI approval, districts/cooperatives may extend the project year for a grant from June 30 to September 30. **Requests for an extension must be submitted in writing to the OPI no later than June 1.** Extensions are not needed for ESEA Titles I, II, IV and VI.

EFFECT OF A PROJECT EXTENSION
If an extension is approved, the funding must be obligated by September 30 and all obligations liquidated by October 31.

HOW TO REQUEST AN EXTENSION
To request an extension, submit the OPI form titled Annual Budget and Program Modification Request for Federal Programs (see Appendix B).

IDEA Part B and Preschool Entitlement Grants: Extensions will only be allowed if the extension is necessary in order for the applicant to expend all of its carryover entitlement funds. The applicant must submit a written request to the OPI project specialist at the Division of Special Education requesting the extension and identifying the reasons why the carryover funds could not be expended by June 30.

PROJECT NUMBER FOR AN EXTENDED PROJECT

Approved extensions will be treated as an amendment to the district's/cooperative's project budget. The exact same 12-digit project number will be used to track expenditures incurred during the extension period. That is,

Ex:	If the original project number was:	98-77-2501-1025
	The project number after an extension to September 30 is approved is still:	98-77-2501-1025

OBLIGATIONS AND EXPENDITURES

"Obligations" are orders placed, contracts awarded and goods and services received but not paid for during the project period. Obligations must be liquidated (i.e., paid for) within 30 days following the end of the project period.

EARLIEST DATE TO OBLIGATE FUNDS

No funds may be obligated or expended before July 1 or before the OPI's approval of the award, if the approval date is after July 1. The OPI may, on occasion, approve preaward costs in accordance with federal cost principles.

DEADLINE FOR OBLIGATIONS

Depending on the source of funds, the project period for the OPI-administered programs is usually July 1 through June 30, or July 1 through September 30. This means that for projects ending June 30, program funds must be spent or "obligated" by June 30. For projects ending September 30, program funds must be spent or "obligated" by September 30.

With the OPI approval, districts may extend a project ending June 30 to September 30. A request for extension must be submitted in writing by June 1. If an extension is approved, funding must be obligated by September 30 and all obligations liquidated by October 31. See prior page concerning how to request an extension.

TIME AND EFFORT RECORDS

BASIC TIME/EFFORT REQUIREMENTS

Subgrantees must maintain records which document the relationship between payroll costs charged to a grant award and the time actually spent by an employee in carrying out the objectives of that program. This applies to both state and federal programs.

When an employee works on more than one project, whether that is a combination of federal and non-federal programs or multiple federal programs, the subgrantee must support the salaries, wages and benefits charged to each program with appropriate time distribution records. This is called **"tracking time and effort."** The method used by a recipient to track time and effort must result in an equitable, after-the-fact distribution of the actual activity of each employee.

Payroll costs charged to federal grant programs may not be paid on estimated allocations, but must be based on payrolls documented and paid in accordance with school accounting policies and state and federal laws and regulations. Charges must be approved by appropriate officials.

DOCUMENTING TIME AND EFFORT

The OMB Circular A-87 lists the following requirements for salary and wage documentation:

1. No documentation beyond normal payroll recordkeeping procedures is required for employees whose salaries are charged to a single cost activity.

2. Where employees work solely on a single federal award or a single cost objective, charges for their salaries may be documented by a periodic certification that the employee worked solely on that particular program for the period covered by the certification. The certification must be done at least semi-annually, signed by the employee or supervisory official having first-hand knowledge of work performed by the individual.

3. Where employees work on multiple activities or cost objectives, the charges to federal programs must be supported by personnel activity reports (see criteria below). This documentation is required whenever employees work on:
   --more than one federal award;
   --a federal award and a non-federal award;
   --an indirect cost activity and a federal award;
   --two or more indirect cost activities that use different allocation methods; or
   --an unallowable activity and a federal award or an indirect cost activity.

Personnel activity reports must:

a. Show charges to federal projects were made based on actual time spent working on the activities;
b. Account for total time of each employee;
c. Be prepared at least monthly and coincide with one or more pay periods;
d. Be signed by the employee; and
e. Not be based on budget estimates of the employee's time, but may be estimated in the interim if revised at least quarterly to reflect actual time and effort.

TIME AND EFFORT AUDITS

Time and effort records must be retained for audit purposes.

CASH ADVANCE REQUESTS

A "Cash Advance Request" form is submitted to the OPI by a subgrantee to request federal or state program funds in advance of related disbursements. Separate cash requests must be submitted for each program (see Appendix B for an example of this form).

DUE DATE FOR CASH ADVANCE REQUESTS

The Cash Advance Request form provides the OPI with a subgrantee's estimated cash needs for all the months of the project period. The form must be submitted to the OPI by the 25th of the month prior to a subgrantee's first disbursement. Cash requested by the 25th of the prior month will be sent by the 10th of the month following. For example, cash requested for the month of August, if the request is received by July 25th, will be sent on August 10th.

DISTRIBUTION SCHEDULES

Distribution of federal program funds is dependent on factors such as:

Timely submission of acceptable applications;
The OPI's approval of the proposed project;
Federal program authorizations and notifications to the OPI of the state's allocations; and
Recipient's status on reports of previous projects.

PROCESS FOR REQUESTING A CASH ADVANCE

The "prime applicant" for a grant files the "Cash Advance Request" form with the OPI. The prime applicant is the fiscal agent for a project.

For individual projects, the prime applicant is the district itself.

For combined high school/elementary projects or consortium projects, the prime applicant is the fiscal host. This district will receive, spend, account for and report on cash advanced for the project.

The prime applicant estimates the timing and amount of cash needed to support the project for the entire project period, then enters this information by month on the cash request form.

A separate form must be completed, signed and sent to the OPI for each approved project. Both the district clerk/business official and the authorized representative must sign the form.

The total cash requested for a project may be less, but not more, than the approved budget for the project.

The amount requested for a particular month must be the estimated minimum amount needed in that month for actual, immediate cash required to carry out the purpose of the approved project. The amount requested may vary from month to month; cash may be needed in some months and not others; and a small grant might be expended entirely within one or two months of the year.

Payment of the amount requested for each month will be made on the 10th day of that month. The "Cash Advance Request" form can be sent in at any time during the year, but it must reach the OPI no later than the 25th of the month PRECEDING the first month a cash advance is needed.

Title I projects will continue to receive an automatic first payment, usually in August, that is approximately one-ninth of budgeted personnel costs plus a reasonable amount for budgeted operating expenses. This automatic first payment must be taken into account when completing the cash request form for the remaining months of a Title I project.

AMENDED CASH REQUESTS

The payment schedule on file with the OPI should be amended during the year as necessary to:

Manage a project's cash balance; and

Request cash related to an approved budget amendment. For example, if carryover funds or supplemental appropriations by Congress are added to a project budget after the initial Cash Advance Request form is submitted, an amended form must be submitted to request an advance of these additional funds.

Each month, the clerk/business official and the authorized representative should review the cash status for a grant project. Make sure that neither a significant cash shortfall nor excessive cash-on-hand is accumulating, and that the most recent cash request form filed with the OPI is still an accurate projection of cash needs for the remainder of the project period.

Amendments to the schedule are requested by submitting another "Cash Advance Request" form with the "Amended Request" box checked. An amended request must be approved and signed by both the clerk/business official and the authorized representative.

CASH DISBURSEMENT REPORTS -- WHEN REQUIRED

Subgrantees will submit "Cash Disbursement Reports" and supporting documentation only if specifically requested by the OPI. Supporting documentation, such as invoices, trip reports, etc., may also be requested.

The OPI may request submission of cash disbursement reports and supporting documentation to:

a. Verify the recipient's implementation of a corrective action plan on audit report findings; or
b. Monitor the district's federal program expenditures in detail after the entity has been designated "High Risk" (see Section 600, Audit Requirements and the Office of Public Instruction Monitoring).

SCHOOL DISTRICTS LIMITED IN SPENDING CASH BALANCES

The fund used by school districts and cooperatives/consortiums for state and federal grant project accounting is the Miscellaneous Programs Fund (15). This fund is a "nonbudgeted" fund. Section 20-9-210, MCA, limits expenditures in a nonbudgeted fund to the combined cash balance of all projects in the fund. Administrative Rule 10.10.207 allows the cash balance plus valid receivables

to be spent. It states, "Cash available shall include cash on hand and receivables to be collected within thirty (30) days." Schools districts may consider the amount submitted to the OPI on valid claims or cash advance requests to be receivables subject to expenditure under ARM 10.10.207. To avoid confusion, the clerk should notify the county treasurer of the anticipated date of receipt before spending the receivables.

OVERDRAFT OF GRANT AWARD AMOUNT

Any expenditures which exceed the grant award amount are not chargeable to the federal program. A recipient must use other available funds of the entity to pay for the over-expenditure. For example, if the grant award is $1,000 and the recipient spends $1,010, the extra $10 must come from the entity's "own pocket" because it will not be reimbursed by the grant program.

Subgrantees that over expend a grant award will incur a cash overdraft in the project. The trustees must reimburse the overdraft with general fund money and record the expenditure as an expenditure against the general fund budget. If the grant award is exhausted before the program is finished, the trustees may elect to subsidize the project by charging expenditures directly to the general fund or other legally available funds.

PROGRAM INCOME AND INTEREST ON FEDERAL FUNDS

"Program income" is income generated by an activity supported with federal funds during the grant period. For example, it would include:

1. Fees for services performed;

2. Fees for use of, or rental of, property acquired with grant funds; and

3. Proceeds from the sale of commodities or items fabricated under a grant agreement.

Federal funds subgranted by the OPI are generally not used to generate program income.

USE OF PROGRAM INCOME

If program income does result from the use of federal funds administered by the OPI, the income must be used during the current grant period in accordance with regulations of the grant which generated it.

PROCEEDS FROM SALE OF PROPERTY

Proceeds from the sale of property or equipment purchased using federal funds are not considered program income (see Section 500, Property Management).

INTEREST EARNED ON GRANT AWARD FUNDS

Federal and state grant funds may be invested and earn interest. However, federal cash management regulations require that the time lapsed between the receipt of federal grant cash and the time it is spent must be minimized. Federal cash on hand should be limited at any given time and the interest earned on the cash should not be considered a major source of income.

Each subgrantee may retain up to $250 of interest earned on federal grant funds in a given fiscal year for administrative expenses. The limit applies to all federal programs **combined**. For public school districts, this includes interest earned on any federal technology grants in Fund 28, building-related grants in Fund 60 and all other federal grants in Fund 15. This does not apply to the federal Impact Aid entitlement.

Subgrantees may retain all the interest earned on state grant funds.

Interest earned in excess of $250 must be refunded to the federal government at the following address:

FINANCIAL IMPROVEMENT AND RECEIVABLE GROUP
U.S. DEPARTMENT OF EDUCATION
600 INDEPENDENCE AVENUE, SW
FOB 10 ROOM 3400
WASHINGTON DC 20202-4330

ACCOUNTING FOR RETENTION OF $250 OF INTEREST EARNED
Subgrantees will account for interest earned, interest retained and interest refunded in the following manner:

1. Subgrantee requests and receives federal funds. The funds are recorded as grant revenue;

2. Funds are invested consistent with normal subgrantee investment procedures;

3. The interest earned on investment will be tracked in sufficient detail to allow audit of the interest earned and refunded.
   Public School Districts may:
   a. First allocate any earnings on specific investments to the project used for the investment;
   b. Deposit any and all interest revenue earned on grants in the Miscellaneous Programs Fund 15 directly into the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund until the amount exceeds $250 for all federal projects in all funds for a fiscal year. Any subsequent interest earned must be allocated in proportion to the grants that generated it, using either the proportion of average cash balance by project for the month or ending cash balance by project for the month.

4. Interest allocated to projects must be recorded as interest revenue in the project account.

5. The excess interest must be refunded to the federal government.

RECORDS RETENTION

HOW LONG TO RETAIN GRANT RECORDS

Federal regulations require recipients to retain records for a period of three years after the day the fiscal closeout report for a project has been submitted.

If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

HOW LONG TO RETAIN STUDENT RECORDS

State records retention laws require student records to be kept permanently and personnel employment files to be retained for 10 years after termination (MCA 20-1-212).

MINIMUM RECORDKEEPING REQUIREMENTS

Recipients must keep records that fully show:

1. The amount of funds awarded under the grant or subgrant;
2. The amount of funds received under the award;
3. How the funds were used;
4. Total cost of the project;
5. The share of total cost provided from other sources (i.e., matching);
6. Other records necessary to facilitate an effective audit.

School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the Montana School Accounting Manual.

For more information on general records retention, contact the Department of Commerce, Local Government Records Committee, at (406)444-3010.

FISCAL CLOSEOUT AND FINAL PROGRAM REPORTS

SEPARATE FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT DUE BY PROJECT

A separate Fiscal Closeout Report and Final Program Report are required for each state and federal grant administered by the OPI (see examples of these forms in Appendix B).

DUE DATES FOR FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT

The Fiscal Closeout Report and Final Program Report are due to the OPI at the same time. The due date depends on whether an extension of the project year has been approved. Subgrantees are

encouraged to submit their fiscal closeout and final program reports to the OPI just as soon as all obligations are paid. The forms and directions for the Final Program Report are provided by the OPI.

If the project year ends June 30. Obligations existing at June 30 must be liquidated within 30 days following the end of the project year (i.e., by July 31). Submit the fiscal closeout report and final program report for a July-June project to the OPI **no later than August 10.**

If the project year ends September 30. Obligations existing at September 30 must be liquidated within 30 days following the end of the project year (i.e., by October 31). Submit the fiscal closeout report and final program report for a July-September project to the OPI **no later than November 10.**

UNEXPENDED CASH/REIMBURSEMENTS DUE

Unexpended cash held by a subgrantee at the end of the project, if greater than $10, must be returned to the OPI with the Fiscal Closeout Report (see "Unspent Funds and Refunds" below). Reimbursements due from the OPI to a subgrantee will be sent upon receipt of the subgrantee's Fiscal Closeout Report.

WHO TO CONTACT FOR ASSISTANCE

Questions regarding the fiscal closeout of the OPI-administered grants should be directed to the OPI accountant for that program listed in Section 100 of this handbook. Questions regarding the final program report should be directed to the program specialist listed in Section 100.

UNSPENT GRANT FUNDS AND REFUNDS

At the close of the grant period, any unobligated project funds, including funds which are eligible for carryover to the next year's project, must be returned to the grantor.

- The subgrantee must refund any cash balance on hand for the project to the OPI, EXCLUDING interest earnings and program income.

  Exception - If the cash balance on hand is less than $10, the recipient is NOT REQUIRED to send a refund to the OPI. (School districts may move balances of less than $10 to the "Indirect Cost Recovery" project in the Miscellaneous Programs fund in the same manner as indirect costs recoveries are taken.)

500 PROPERTY MANAGEMENT

EQUIPMENT AND SUPPLIES

"Equipment" means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 (see "LEASES" on the next page) or more per unit. A grantee may use its own definition of equipment if such definition would include at least all equipment defined above.

School districts must capitalize "equipment," which means a district must record the equipment on its fixed asset records and include the cost on its financial statements in the Fixed Asset Account Group. Equipment purchases are recorded using a 7XX expenditure object code.

Property which does not meet the definition of equipment is considered a supply item. Supply purchases are recorded using a 6XX expenditure object code.

USE OF FEDERALLY PURCHASED PROPERTY

Subgrantees may not use equipment purchased with federal funds to earn income in a way that poses unfair competition to private companies.

MANAGEMENT REQUIREMENTS

At a minimum, subgrantees must meet these requirements for managing equipment purchased in whole OR IN PART with federal funds:

1. Maintain property records which include
   a. Description of property,
   b. Serial number or other identifying number,
   c. Source of funds used to purchase the item,
   d. Who holds title,
   e. Date of acquisition,
   f. Cost,
   g. Percentage of cost paid using federal funds,
   h. Location,
   i. Use and condition of property, and
   j. Disposition data, including date of disposal and sale price;

2. Take a physical inventory and reconcile the counts with the records at least every two years;

3. Maintain a control system which safeguards against theft, loss, or damage of property. Investigate any loss, theft, or damage;

4. Maintain the property in good condition; and

5. If authorized to sell the property, get the highest return possible.

PREAPPROVAL REQUIRED FOR PURCHASE OF EQUIPMENT

Recipients of federal awards must obtain preapproval from OPI to purchase equipment using program funds. To request preapproval, either: 1) list the equipment items on the project budget form when applying for the grant; or 2) submit a Budget and Program Modification Request form. The OPI's approval must be received in writing before equipment items may be purchased using federal funds.

LEASES

Lease-purchase agreements for equipment must also be preapproved in each project year in which federal award funds will be used to pay installments on the lease.

TITLE TO EQUIPMENT

Generally, when a recipient purchases equipment using federal funds, title to the property vests with that entity. The Migrant Education Program, however, retains title to any equipment purchased with federal funds. The OPI may relocate property purchased by one recipient to a migrant program administered by another recipient if they determine the equipment is needed elsewhere.

WHAT TO DO WITH EQUIPMENT AFTER THE GRANT

Equipment must be used by the subgrantee for the program or project for which it was intended, as long as it is needed, even if the project is no longer federally funded. When no longer needed for that program, equipment can be used for any other federal program activities.

The subgrantee should also make the equipment available for use on other projects, as long as that use does not interfere with use of the equipment by the program for which it was purchased. User fees may be charged when equipment is used by other projects. User fees are considered "program income." Specific guidance concerning Title I, Part A, is available by request from the OPI Title I specialists in this area.

DISPOSAL OF PROPERTY

When original or replacement equipment purchased with federal funds under a grant or subgrant administered by the OPI is no longer needed for the original project or for any project currently or previously supported with federal funds, equipment may be retained, sold, or otherwise disposed of with no further obligation to the federal government. Inventory records must be amended to reflect the disposal.

Items of equipment purchased with federal funds under programs NOT administered by the OPI are subject to provisions of those grantor agencies. Contact the grantor for further information.

SCHOOL DISTRICTS SUBJECT TO STATE LAW ON DISPOSAL OF PROPERTY

School districts must also advertise the intent to sell or otherwise dispose of property in accordance with Section 20-9-603, MCA, before disposing of property, including property purchased with federal funds.

USING ITEMS AS "TRADE-IN"

When buying replacement equipment, the equipment purchased with federal funds may be used as a trade-in, or equipment may be sold and the proceeds used to offset the cost of replacement property.

600 AUDIT REQUIREMENTS AND OPI MONITORING

AUDIT COSTS

Audit costs are paid by the entity being audited. The cost of an audit required by the federal "Single Audit Act" may be charged as a direct or indirect cost to federal programs if the entity spent at least $300,000 of federal assistance, including USDA commodities, during the year being audited. If the entity did not spend at least $300,000 in federal assistance for a year, the audit costs cannot be charged directly or indirectly to federal programs.

ACCESS TO RECORDS

The awarding federal agency and the OPI as the subgrantor, or an authorized representative of either the federal agency or the OPI, shall have access to any documents and records of a subgrantee which are pertinent to the grant as necessary for audit, examination and review.

STATE AUDIT REQUIREMENTS

Recipients of state and federal funds are responsible for complying with audit regulations.

Montana school districts and related cooperatives are required by state law to be audited for each year the combined revenues of all funds of the entity total $200,000 or more. Audits must be performed at least every two years; however, annual audits are encouraged. Districts and cooperatives which do not receive $200,000 of total revenues per year must have an auditor perform a financial review at least once every four years, based on a schedule prepared by the OPI (MCA 2-7-503).

School-related cooperatives and consortiums which have a school district host (or "prime applicant") must be audited along with the district which provides administrative services to the cooperative. Cooperatives and consortiums which do not use a school district as a host are responsible for contracting for their own audit to ensure compliance with state and federal audit laws and regulations.

FEDERAL AUDIT REQUIREMENTS

Federal audit regulations (OMB Circular A-133) state:

1. The grantor or subgrantor (e.g., OPI) must monitor subgrantees to ensure they comply with federal audit requirements;

2. State or local governments (including school districts) or nonprofit entities which spend more than $300,000 of federal funds in a fiscal year must have an audit performed;

3. The audit must be done by an independent auditor in accordance with generally accepted auditing standards covering financial compliance audits;

4. The subgrantor (OPI) must review the audit report and the recipient's responses to any audit findings listed in the report. The subgrantor must follow up to ensure: a) the recipient resolves

the audit findings; and b) any corrective action promised in the entity's response to the audit finding is implemented.

AUDIT DEADLINES

School districts and related cooperatives (including consortia) must follow state audit requirements in Section 2-7-203, MCA:

-- Nonfederal audits (i.e., not subject to OMB Circular A-133 guidelines) must commence no later than nine months after the close of the fiscal year, which means audits must be started by April 1. The audit report must be completed and submitted to the OPI within one year of the close of the year, or by the following June 30. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the Department of Commerce and the OPI within 30 days after the audit report was issued (ARM 8.94.4109).

-- Federal audits (i.e., subject to OMB Circular A-133 requirements) must be completed and submitted to the OPI within nine months of the close of the fiscal year, or by March 31. Annual audits are required unless two-year audits have been approved by the Department of Commerce. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the Department of Commerce and the OPI within 30 days after the audit report was issued (ARM 8.94.4109).

Nonpublic entities which receive federal money from the OPI are subject to federal audit requirements in OMB Circular A-133 if the entity spends more than $300,000 of federal assistance during the year. If the entity does not spend over that amount, the entity is not subject to audit requirements unless specified by other subgrantors.

-- Federal audits (i.e., subject to OMB Circular A-133 requirements) must be completed and submitted to the OPI within nine months of the close of the entity's fiscal year. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the OPI within 30 days after the audit report was issued.

FAILURE TO RESOLVE AUDIT FINDINGS

Recipients of federal and state moneys are responsible for correcting problems discovered during the audit process. Correction of audit findings is a very important step in the audit process. Timely and appropriate corrective action ensures continued eligibility for funding under state and federal programs.

The school district or consortium/cooperative must submit to the OPI a written response to audit findings within 30 days after receiving the audit report. The response must list a corrective action plan addressing each audit finding or questioned cost listed in the report. If the response is not clear, the OPI may request additional information or additional corrective action plans from the district or consortium/cooperative.

The OPI will notify the Department of Commerce if the response is acceptable. If the response is not acceptable, the OPI will state the reason(s) and what action is needed by the auditee in order to make the response or corrective action plan acceptable. The Department of Commerce will notify the school district or cooperative/consortium that the response is accepted or that additional action is required. After receiving a notice stating the response or corrective action plan is not acceptable, the audited entity must resubmit an acceptable response or corrective action plan to the Department of Commerce and the OPI within 30 days.

Within that 30 days, if the auditee feels the action, response, or corrective action required by the OPI is not in accordance with state or federal laws or regulations, the auditee may submit a written request for hearing (see Section 200 in this manual).

After 30 days, if the auditee did not request a hearing and the response is still not sufficient, the Department of Commerce may order state agencies to withhold state funding from the auditee pending receipt of an acceptable response or corrective action plan. Money withheld will be released upon written order of the Department of Commerce after the acceptable response is received (ARM 8.94.4109).

FAILURE TO SUBMIT AUDITS

Compliance with federal and state laws, regulations, and audit requirements is the responsibility of the subgrantee. School districts and other nonpublic subgrantees, including cooperatives, of the OPI-administered programs must comply with federal OMB Circular A-133 or state audit requirements which apply to them.

In cases of continued inability or unwillingness to have an audit in compliance with A-133 or to resolve audit findings, the OPI will take appropriate actions such as: (A-133 §__.229)

a. Withholding some or all of the federal awards until the audit is completed satisfactorily;
b. Suspending cash disbursements for federal awards until the audit is conducted; and/or
c. Terminating the federal award(s).

In cases of continued inability or unwillingness to have an audit in compliance with state law or to resolve audit findings, the OPI will take appropriate action such as:

a. Withholding some or all of the federal awards until the audit is completed satisfactorily;
b. Suspending cash disbursements for federal awards until the audit is conducted;
c. Terminating the federal award(s);
d. Notifying the Board of Public Education of the school district's or cooperative's failure to comply with audit requirements;
e. Requesting the Board of Public Education to require the entity's management to appear before the Board to discuss the noncompliance and planned corrective action; and/or
f. Requesting the Board of Public Education to order withholding of the OPI's state funding until the audit report is completed satisfactorily.

OFFICE OF PUBLIC INSTRUCTION MONITORING PROCEDURES

The Office of Public Instruction (OPI) is a "pass-through entity," meaning the OPI provides federal awards to subgrantees to carry out federal programs. As a pass-through entity, federal regulations require the OPI to monitor subgrant-supported activities.

Monitoring procedures are performed to ensure that:

1. Federal awards are used for authorized purposes in compliance with laws, regulations and provisions of grant agreements; and

2. Performance goals are being achieved.

The monitoring procedures performed by the Office of Public Instruction will take into consideration the cost-effectiveness of a particular procedure, compared to the relative size and complexity of the federal award(s) administered by a subgrantee.

Routine Monitoring Procedures

The routine monitoring procedures performed by the OPI for all subgrantees include a review of:

1. Final Program Reports -- Unless waived by the OPI, an annual program report is required for each federal and state grant award a subgrantee receives. The OPI will provide appropriate forms to programs requiring reports.

2. Fiscal Closeout Reports -- An annual fiscal closeout report is always required for each state and federal award a subgrantee receives. The OPI will provide a Final Fiscal Closeout Report form for this purpose. This report provides information to allow:
   a. A comparison of actual expenditures to approved budgets for direct costs, indirect costs and equipment.

   b. A reconciliation of cash advances/reimbursements to expenditures/refunds.

3. Subgrantee Audit/Review Reports -- Section 2-7-503, MCA, requires a subgrantee must send one copy of its audit/review report to the OPI (see "AUDIT DEADLINES" earlier in this section).

In addition to the above monitoring procedures, the OPI implements monitoring procedures in accordance with federal and state plan requirements. These requirements may differ across federal programs.

"Risk" Categories for Subgrantees

The OPI routinely monitors subgrantees to identify those at risk of noncompliance with federal laws, regulations and grant award provisions.

A subgrantee is considered to be a "low risk" for noncompliance if the subgrantee:

1. receives an unqualified audit opinion, or a qualified opinion without scope limitation;

2. has no material weaknesses in internal controls;

3. has had no instances of noncompliance with federal laws, regulations and grant agreements;

4. has had no material questioned costs; and

5. has conformed to the terms and conditions of previous awards, including timely submission of required fiscal and program reports.

"Low-risk" subgrantees are required to submit to the OPI the Fiscal Closeout Report, the Final Program Report, unless waived by the OPI, and an audit/review report.

A subgrantee is considered to be "high risk" if the subgrantee:

1. has a history of unsatisfactory performance;

2. is not financially stable;

3. has a management system which does not meet the management standards set forth by the federal government; or

4. has not conformed to terms and conditions of previous awards, including timely submission of required fiscal and program reports.

The OPI may apply special conditions and/or restrictions to grants that are awarded to "high-risk" subgrantees. Such special conditions and restrictions will correspond to the risk condition that exists for a particular subgrantee and may include:

1. payment on a reimbursement, rather than advance, basis;

2. additional, more detailed financial and/or program reports;

3. additional project monitoring;

4. additional technical or management assistance; and/or

5. additional prior approvals.

Prior to imposing special conditions or restrictions, the OPI will notify the subgrantee in writing of:

1. the nature of the special conditions/restrictions;

2. the reason(s) for imposing them;

3. corrective actions which must be taken before the special conditions or restrictions will be removed and the time allowed for completing the corrective actions; and

4. the method whereby a subgrantee may request reconsideration of the conditions/restrictions imposed.

Enforcement Actions for Noncompliance

If the OPI determines that a subgrantee has failed to comply with the terms of an award, including any special conditions or restrictions, the OPI may take one or more of the following enforcement actions as appropriate in the circumstances:

1. Temporarily withhold cash payments to the subgrantee pending correction of the deficiency;

2. Disallow all or part of the cost of the activity or action not in compliance;

3. Wholly or partly suspend or terminate the current award for the subgrantee's program;

4. Withhold further awards for the subgrantee's program; or

5. Take other remedies that may be legally available.

700 SPECIALIZED DUTIES OF RECIPIENTS

COOPERATIVES AND CONSORTIUMS

WHAT ARE COOPERATIVES AND CONSORTIUMS?

The OPI subgrants certain federal program funds to cooperatives or consortia. Some programs allow or even require groups of applicants to jointly apply for a single grant award.

The term "cooperative," for purposes of special education, means an administrative entity formed in accord with the requirements of 20-7-451 MCA through 20-7-454 and which provides special education services. Districts which participate in a cooperative for the purpose of delivering special education services must apply for their IDEA funds through the cooperative. The "prime applicant," or "fiscal host" for the cooperative is the cooperative itself with the director of the cooperative designated as the authorized representative.

Consortium, as used in this manual, means a group of school districts or other statutorily allowable entities that work together for a common purpose. The term includes those school districts which have an interlocal agreement for the purpose of providing special education or other agreed on services. Other examples of consortia include: a) An elementary school and high school with a combined school board cooperatively apply for a grant to serve both the elementary and high school programs; b) A group of otherwise unrelated schools, including elementary and/or high schools, apply to use a single grant award. A school district may be a member of several consortia at the same time for different grant programs.

The "prime applicant" for a consortium must be a school district. The prime applicant must receive the grant and spend it directly for project expenditures. Federal awards granted to consortia may not be passed-through to member school districts or other subrecipients. **[NOTE: IDEA is the only program which allows the prime applicant to pass-through funds to subrecipients.]**

PROGRAMS THAT ALLOW COOPERATIVE/CONSORTIUM APPLICATIONS

The following federal programs administered by the OPI are available to cooperatives and consortia:

IDEA Part B and Preschool -- Districts which participate in a cooperative or in a consortium for the purpose of providing special education services must apply for their IDEA funds through a single application. The cooperative must apply for IDEA funds on behalf of its participating districts. A school district must apply as the "prime applicant" on behalf of the districts participating in a consortium for delivering special education services. In both cases, the entity which applies for the funds on behalf of its participating district has additional responsibilities for program monitoring as described in "Pass-Through Entity Responsibilities."

ESEA Title I -- Grants to unified elementary/high school districts are allowed and encouraged. Awards are allocated separately to elementary and high school programs WITHIN THE SINGLE AWARD AMOUNT. Expenditures for elementary and high school programs must be separately tracked and reported.

ESEA Title II Eisenhower Professional Development Program -- Cooperatives/consortia are allowed. Districts MUST submit cooperative/consortia applications, if necessary, to meet a combined eligibility for program funds totaling $10,000. However, waivers are available to enable individual districts which do not meet the $10,000 threshold to apply separately.

ESEA Title IV Safe and Drug-Free Schools -- Consortia of local education agencies or educational service agencies are allowed in order to establish, operate, or improve local programs of school drug and violence prevention.

ESEA Title VI -- Consortia are allowed if recipients want to pool their resources to provide more extensive programs.

Adult Basic Education -- Cooperatives/consortia are allowed. Partners may include local education agencies, community-based organizations, correctional education agencies, post-secondary education institutions, institutions that serve educationally disadvantaged adults and any other institution that has the ability to provide literacy services to adults and families.

Even Start Family Literacy -- To qualify as an "eligible entity" for an Even Start Family Literacy subgrant, an applicant must be a partnership between one or more school districts and one or more nonprofit community-based organizations, public agencies other than a school district, institutions of higher education, or public or private nonprofit organizations of demonstrated quality other than a school district.

School-to-Work -- Consortia are allowed for any local partnership and encouraged for small school systems in geographic proximity.

COOPERATIVE/CONSORTIUM RESPONSIBILITIES

The "prime applicant," or host, of the special education cooperative or consortium must fulfill the following responsibilities:

1. Applications: Submit all applications required under the program;

2. Spend the money directly for project activities: Funds may not be passed-through to members of a cooperative or consortium, except for IDEA programs;

3. Reports: Submit all fiscal closeout reports, final program reports and other reports to the OPI as required;

4. Cash Requests and Cash Management: Request the project cash and ensure compliance with federal cash management regulations requiring a subgrant recipient to minimize the time between cash draws and expenditures;

5. Pass-Through Monitoring: Under the IDEA programs, monitor expenditures of all money passed-through to participants for compliance with federal program regulations pertaining to the program by:
   a. Collecting and reviewing fiscal reports from each subrecipient to ensure funds were used in accordance with program regulations;

b. Ensuring unspent money is refunded to the OPI as required; and
c. Fulfilling other responsibilities under "PASS-THROUGH ENTITY RESPONSIBILITIES" below.

6. Audits: Comply with federal and state audit requirements by having audits performed as required and taking appropriate corrective action on audit findings. The prime applicant will have the federal award audited as part of their annual financial compliance audit. Pass-through funding will be reported in the audit. Money passed-through to subrecipients under the IDEA program must also be reported in the audit of the subrecipient.

7. Questioned Costs/Refunds: Resolve any questioned costs noted during audits or other monitoring processes. Refunds due to grantors are the pass-through entity's responsibility.

8. Equipment: Inventory and track any equipment purchased directly by the pass-through entity. Equipment purchased by the recipients of pass-through moneys are to be tracked on their entity's records.

PASS-THROUGH ENTITY RESPONSIBILITIES

The IDEA Part B programs allow prime applicants to pass-though federal funds. The OMB Circular A-133 lists the following responsibilities for entities that pass-through federal awards:

1. Identify awards made by informing each subrecipient of the CFDA title and number, award year and the federal grantor;

2. Advise subrecipients of the program requirements imposed upon them by federal laws, regulations and contractual agreements, and any further restrictions imposed on them by the pass-through entity;

3. Monitor activities of subrecipients as necessary to ensure federal awards are used for authorized purposes in compliance with state and federal laws, regulations, and contracts and that performance goals are achieved;

4. Ensure a subrecipient receiving $300,000 or more in federal funds meets the federal audit requirements (the OPI already fulfills this obligation if the subrecipient is a public school district);

5. Review the subrecipient's audit report and ensure appropriate corrective action is appropriate and timely;

6. Require each subrecipient to permit the pass-through entity and auditors to have access to records and financial statements as necessary for audit.

UNAUTHORIZED PASS-THROUGH OF FEDERAL PROGRAM FUNDS

The OPI administered programs other than IDEA Part B do not allow pass-through of funds by subrecipients. The OPI may require a prime applicant to refund federal funds which were passed-through to members of a cooperative or consortium without authority.

DUTIES OF THE AUTHORIZED REPRESENTATIVE (AR)

An "Authorized Representative" is a person who legally acts on behalf of the subrecipient of federal and state grants. The authorized representative is the liaison between the subrecipient and the grantor.

School District Authorized Representatives

The Board of Trustees has the authority to act on behalf of the school district. The OPI assumes the Board of Trustees delegates their authority to the district superintendent, who will act as authorized representative of the school district receiving federal and/or state grants. If the school district, because of its size, does not have a district superintendent, the principal will be presumed to be the authorized representative. If a district has neither a superintendent nor a principal, the county superintendent will assume the role of authorized representative. Although this assignment of duties will be assumed by the OPI, the trustees may instead retain the Chairman of the Board in the role of authorized representative for the board. The trustees should send written notice to the OPI if they choose to retain the Chairman as authorized representative.

Authorized Representatives of Subrecipients Who are Not School Districts

The chairman of the managing board or committee of the subrecipient organization will be assumed to be the authorized representative, unless the board designates an alternative in writing to the OPI.

Role of the Authorized Representative

The signature of the authorized representative: 1) protects the legal rights and interests of the subrecipient; and 2) commits the subrecipient to fulfill obligations of federal projects. The signature of the authorized representative forms a legal contract between the subrecipient and the grantor agency, the OPI. By signing documents on behalf of the organization, the authorized representative binds the subrecipient to perform within the terms of the grant agreement, common assurances documents, administrative requirements, programmatic requirements, etc.

The Authorized Representative is responsible for:

1. Developing a work plan or calendar to administer and achieve the goals and objectives of the grant award;

2. Informing the clerk/business manager of the local education agency (LEA) or other entity of the application, approval of the award, applicable requirements for allowable costs of the program, reporting requirements, budget or program modifications, close-out procedures, etc.

3. Ensuring an appropriate system of time and effort records is used in cases where an employee paid using grant funds is also paid using local or state funds or funds of another federal program;

4. Submitting timely, accurate program reports and ensuring the person responsible for fiscal reporting is also prompt and accurate; and

5. Ensuring the grant award is administered in compliance with applicable state and federal laws and regulations.

A-87 (OMB CIRCULAR)
Cost Principles for State, Local and Indian Tribal Governments (May 1995)

A-102 (OMB CIRCULAR)
Uniform Administrative Requirements for Grants and Agreements with State and Local Governments ("Common Rule") (April 1995)

A-133 (OMB CIRCULAR)
Audits of States, Local Governments, and Nonprofit Institutions (1997)

ACQUISITION COST
Net invoice cost of purchasing equipment, including cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property useful for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, and protective in-transit insurance should be included or excluded in accordance with the grantee's regular accounting practices.

ADMINISTRATIVE REQUIREMENTS
Matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from "programmatic requirements," which are restrictions applied on a program-by-program basis, such as kinds of activities allowable under a grant (34 CFR Part 80).

ADMINISTRATIVE RULES OF MONTANA (ARM)
A loose-leaf compilation of all rules of state departments and attached boards. The Montana Legislature enacted the Montana Administrative Procedure Act; the primary purpose of the act is to make the rules of state agencies readily available to the public and to make them available in a convenient, current and concise form. To implement this purpose, the Secretary of State compiles and publishes all rules filed pursuant to the act in a publication known as the Administrative Rules of Montana, commonly known as ARM. Each state agency is responsible for preparing its portion of the rules in accordance with the prescribed format.

ADVANCE
Payment of all or a portion of a federal award before the grant expenditures have been incurred. Advances are the opposite of reimbursements, wherein costs incurred by a subgrantee are later paid back by the subgrantor.

ALLOCATION
In regard to federal programs, the amount of money an entity will be given under a federal grant award.

ALLOWABLE COST
A cost which is appropriately charged to a federal program. To be allowable, a cost must be necessary and reasonable, be allocable (i.e., chargeable in relation to service given) under the federal

award, be authorized or not prohibited by state or local laws, conform to OMB Circular A-87, be consistently treated as are other costs of the entity, be treated in accordance with generally accepted accounting principles, not be used for matching in another program, be net of applicable credits and be properly documented.

APPLICANT
A party requesting a grant or subgrant.

APPLICATION
A written request for a grant or subgrant.

AUDIT FINDING
Deficiencies reported by the auditor in the audit report's schedule of audit findings and questioned costs.

AUDIT RESOLUTION
Corrective action taken by a subgrantee and verified by the subgrantor in response to a finding of noncompliance or questioned cost listed in a subgrantee's audit report.

AUTHORIZED REPRESENTATIVE
An agent designated by the Board of Trustees to act on its behalf to make certifications and applications to the OPI on behalf of a school district or other education entity.

AVERAGE NUMBER BELONGING (ANB)
An enrollment number used to establish state funding levels for Montana school districts. The ANB is based on the average of two semi-annual enrollment counts, adjusted for kindergartners and other part-time students.

AVERAGE DAILY ATTENDANCE (ADA)
Average number of enrolled students who were present on the enrollment count dates used to establish ANB for funding.

AWARD (FEDERAL)
Federal financial assistance that nonfederal agencies receive directly from federal agencies or indirectly from pass-through entities. Does not include moneys used for procurement of goods and services under contracts.

AWARDING AGENCY
With respect to a federal grant, the federal agency; with respect to a subgrant, the party making the subgrant.

BUDGET PERIOD
The award period. The budget period for the OPI-administered grants is usually July 1 to June 30, unless an extension is granted.

CASH MANAGEMENT
Reasonable procedures which must be established for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and subgrantees.

CAPITAL EXPENDITURE
Cost of a fixed asset, including costs of placing the asset in a condition of usefulness. Includes delivery charges, modifications, attachments and accessories which are needed to make an asset useable for the intended purpose.

CARRYOVER
Unexpended funds from an award may, within statutory limits, be "carried over" and added to the project allocation of the following year. Federal regulations allow limited carryover in Title I, Title II, Title IV, and Title VI, IDEA Part B and Preschool.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE
Federal publication listing Catalog of Federal Domestic Assistance (CFDA) number of each federal assistance program.

CFDA NUMBER
The number assigned to a federal program in the Catalog of Federal Domestic Assistance. Number is in this format: XX.XXX

CODE OF FEDERAL REGULATIONS (CFR)
The *Code of Federal Regulations* is published periodically by the Director of Federal Regulations. This publication has general applicability and legal affect and contains rules issued by federal agencies to implement federal statutes and governmentwide directives from the President (Executive Orders), the Office of Management and Budget and the Treasury Department.

COGNIZANT AGENCY
Federal agency assignee by the U.S. Office of Management and Budget to carry out responsibilities to assure that audits of federal assistance are made as required by OMB Circular A-133.

COMMON ASSURANCES
The legislated requirements, common across several programs, that agencies must abide by as conditions for receipt of funds.

COMMINGLING
Depositing funds in a general account without the ability to identify each specific source of funds used for an expenditure. Commingling of federal funds is generally not allowed.

COMPLIANCE SUPPLEMENT
Guidance for auditing federal program requirements, published by the U.S. Government. Specific program requirements are addressed.

CONSORTIUM
A group of local education agencies (nonpublic LEAs may be included) or educational service agencies that group together in order to establish, operate or improve local education or prevention programs. A consortium must be represented by a "prime applicant district" (which must be a public school legal entity).

COOPERATIVE
Two or more schools which join together, in accordance with 20-7-451 through 20-7-456, for the purpose of performing any or all education administration services, activities and undertakings that the school district entering into the contract is authorized to perform by law. In accordance with 10.16.2209(1)(a), no more than 23 special education cooperatives may be established.

CORRECTIVE ACTION
Action taken by the audited entity that: 1) corrects identified deficiencies; 2) produces recommended improvements; or 3) demonstrates that audit findings are either invalid or do not warrant auditee action.

COST ALLOCATION PLAN
Documentation of identifying, accumulating and distributing allowable costs under grants together with the allocation method used.

COST PRINCIPLES
General policies for allowability of costs charged to federal programs are specified in OMB Circular A-87 for federal programs administered by OPI.

DEBARMENT
Action taken by a debarring official to exclude a person from participating in a covered transaction (34 CFR part 80).

DIRECT COST
Cost identifiable to a particular program, and charged to a particular state or federal program award. Direct costs are the opposite of indirect costs, which are charged among programs by taking an approved percentage of costs directly charged and moving that percentage to a pooled source used to pay charges which cannot be identified with one particular program.

DISALLOWED COST
A charge to a grant which the program determines is not allowable, in accordance with applicable federal cost principles or conditions of the award. Typically, the federal program will not pay for the disallowed charges, so the charges must be supported by the recipient using other nonfederal sources.

ED
The U.S. Department of Education

EDGAR
Education Department General Administrative Regulations

ENCUMBRANCES
Obligations for goods ordered but not yet received as of June 30 or the end of the project period.

EQUIPMENT
For federal grants, tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)
Elementary and Secondary Education Act of 1965, as amended in the Improving America's Schools Act 1994.

EXCESS COSTS
Under the Individuals with Disabilities Education Act (IDEA) 34 CFR 300.184, excess cost is defined as: "those costs that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary or secondary school student, as may be appropriate..." Calculation of excess costs and general requirements can be found under 34 CFR 100.184 and 34 CFR 300.185.

FEDERAL FINANCIAL ASSISTANCE
Assistance provided by a federal agency in the form of grants, loans, cooperative agreements, contracts, loan guarantees, property. It includes awards received directly from the federal agency or indirectly through other units of state and local governments (34 CFR appendix to part 80).

FISCAL YEAR
The state fiscal year is July 1 through June 30. The federal fiscal year is October 1 to September 30.

GENERALLY ACCEPTED AUDITING STANDARDS
Standards for Audits of Government Organizations, Programs, Activities and Functions (34 CFR appendix to part 80).

GEPA
General Education Provisions Act (34 CFR 77)

GRANTEE
The entity that a grant is awarded and that is accountable for the use of funds provided. The grantee is the entire legal entity, even if only a particular component of the entity is designated in the award document (34 CFR 80).

GRANT PERIOD
The project or award period. Depending on the type of grant, the grant period for most OPI-administered grants is July 1 to June 30 or July 1 to September 30, unless an extension is approved.

IMPROVING AMERICA'S SCHOOLS ACT OF 1994 (IASA)
This statute, Public Law 103-382, contains the reauthorization of the Elementary and Secondary Education Act of 1965. Title XIV contains general provisions, including consolidation of state and local plans and applications.

INDIRECT COST
A cost which is incurred for a common or joint purpose benefitting more than one cost objective, which is not readily assignable to a specific program being benefitted. Indirect costs are charged to various programs and "pooled."

INDIRECT COST RATE
Percentage approved for recovery from federal programs. The rate for a school district must be approved annually by the OPI. The rate may be charged to approved federal programs by multiplying direct charges by the approved rate. Some programs restrict the rate used in that particular program, which may be lower than the rate approved by the OPI.

INDIRECT COST RECOVERY
The amount allowed to be charged to a federal grant based on application of an approved indirect cost rate.

INTERNAL CONTROLS
Processes, established by management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for to
   a. Permit the preparation of reliable financial statements and federal reports;
   b. Maintain accountability over assets;
   c. Demonstrate compliance with laws, regulations, and other compliance requirements.
2. Transactions are executed in compliance with
   a. Laws, regulations and the provisions of contracts or grant agreements;
   b. Any other laws and regulations that are identified in the compliance supplement; and
3. Funds, property and other assets are safeguarded against loss from unauthorized use or disposition.

JOURNAL VOUCHER (JV)
A transaction made to correct or adjust a previous transaction. When a JV involves more than one fund, the clerk must notify the county treasurer of the adjustment.

LOCAL EDUCATION AGENCY (LEA)
Local education agency (LEA) includes: a) public school districts; b) any other public institution which administers a public elementary or secondary school; and c) as used in 34 CFR 400, 408, 525, 526, and 527 (Vocational Education Programs), any public institution or agency that has administrative control and direction of a vocational education program (34 CFR Part 77).

LOCAL INNOVATIVE EDUCATION PROGRAM (LIEP)
Title VI projects must allocate percentages of funds among LIEPs.

LOCAL GOVERNMENT
A community, municipality, city, town, township, local public authority (including any public and Indian housing agency under the U.S. Housing Act of 1937), a school district, special district, council of governments, or any other regional or interstate government, or any agency or instrumentality of a local government (34 CFR 80).

MAINTENANCE OF EFFORT (MOE)
For ESEA title programs "Maintenance of Effort" (or "maintenance of fiscal effort") is required by several grant programs. The purpose of a maintenance of effort requirement is to ensure the recipient of federal funds does not spend those funds in place of local dollars. Maintenance of Effort ensures a recipient spends local dollars for the same activities that would be provided if federal dollars were not available. Thus, federal programs supplement the normal activities of the entity and do not replace, or supplant, their normal activities.

MAJOR PROGRAM
Federal program determined by the auditor to be a major program in accordance with OMB Circular A-133. For entities with total federal assistance between $100,000 and $1 M, any program for which the entity spent $300,000 or more in a year or 3 percent of total federal program expenditures (34 CFR, attachment to appendix of Part 80).

MANAGEMENT DECISION
Evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

MATCHING
The value of contributions by the entity to support a portion of the project. Many federal programs require a local match.

MONTANA CODES ANNOTATED (MCA)
The MCA is a compilation of existing general and permanent Montana laws, including the statutory text and history. The Code is arranged topically.

NONPROFIT
As applied to an agency, organization, or institution, means it is owned and operated by one or more corporations or associations whose net earnings do not benefit, and cannot legally benefit, any private shareholder or entity (34 CFR 77).

NONPUBLIC
As applied to an agency, organization, or institution, means it is nonpublic and is not under federal or public supervision or control (34 CFR 77).

OBLIGATION
Orders placed, contracts awarded, and goods and services received but not paid for by June 30 or the end of the project period.

OMB
The U.S. Office of Management and Budget (OMB)

OUTLAY
Cost charged to a federal program.

PASS-THROUGH ENTITY
Nonfederal entity which provides a federal award to a sub-recipient.

PREAWARD COST
Costs incurred prior to the effective date of the federal subgrant award after receiving written approval from the OPI. Preaward costs are only allowable if the OPI determines the immediate expenditures are necessary to fulfill the required service or activity under the grant.

PRIME APPLICANT
The prime applicant is the school district that files an application for a grant, receives and manages program funds and ensures funds are audited in accordance with federal requirements.

PRIOR APPROVAL
Documentation evidencing consent prior to incurring specific costs.

PRIVATE
As applied to an agency, organization, or institution, means that it is not under federal or public supervision or control.

PROJECT NUMBER
Number assigned by a subgrantor to identify a specific grant project. Number identifies year, money type, state payment number (SBAS) of the receiving entity, current year of the state plan, plus consecutive order the application was received.

PROGRAM INCOME
Income generated by a grant-supported activity, or earned as the result of a grant agreement during the grant period. Includes fees for services performed, sale of commodities or use/rental of real or personal property acquired with grant funds. Does not include interest earned on grant funds, rebates, discounts, refunds, etc.

QUESTIONED COST
Cost questioned by an auditor because an audit finding indicates: 1) a possible violation of a law, regulation, contract, grant, or other agreement covering use of federal funds, including use of nonfederal funds used to match federal funds; 2) costs which were not supported by adequate documentation at the time of audit; or 3) costs incurred seem unreasonable to charge to the grant.

RECIPIENT
An entity eligible to receive federal grants to carry out the intent of federal assistance programs.

REIMBURSEMENT
Payment received by a subgrantee for work or services performed or other allowable expenditures already incurred for a grant project.

REQUISITIONS
Formal documentation of purchases requested by staff.

REVENUE
Income from federal, state or local sources. Federal grant money is generally recorded as revenue in the year it is spent.

STATE EDUCATION AGENCY (SEA)
State education agency (SEA), such as the OPI.

SINGLE AUDIT
Audit in accordance with OMB Circular A-133 that covers both the entity's financial statements and the federal awards.

SUBGRANT
Award of money or property made under a grant by a grantee to an eligible subgrantee. Does not include vendor payments.

SUBGRANTEE
The government or other legal entity to which a subgrant is awarded. A subgrantee is accountable to the grantee for use of the funds provided under a subgrant.

SUBRECIPIENT
A government, agency or other organization which receives federal financial assistance under a grant award through a state or local government. Does not include an individual who is a beneficiary of the program.

TERMS OF A GRANT OR SUBGRANT
All requirements of a grant or subgrant, whether in statute, regulations or the award document.

THIRD PARTY IN-KIND CONTRIBUTIONS
Property or services which benefit a federally supported project or program and which are contributed by non-federal third parties without charge to the grantee.

UNLIQUIDATED OBLIGATIONS
Amount of obligations incurred which have not yet been paid.

UNEXPENDED FUNDS
Amounts of award which are not obligated by the end of the project period. Unexpended funds are refundable to the OPI if the carryover period has expired, or are carried over by the OPI's inclusion of those funds in the award approved for the following period.

UNOBLIGATED BALANCE
The portion of the award which has not been obligated by the grantee or subgrantee. Determined by subtracting the cumulative obligations from the funds authorized by the award.

UNITED STATES CODE (U.S.C.)
United States Code, federal law.

EXAMPLES OF FORMS

APPENDIX B

1. ESEA Title I Comparability Report/Instructions
2. Common Assurances for Federal Categorical Aid Programs
3. Opportunity to Participate in Federally Funded Programs by Nonpublic Schools
4. Certification for Indirect Cost Rate
5. Indirect Cost Rate Application
6. Project Budget
7. Annual Budget and Program Modification Request
8. Cash Advance Request Form
9. Fiscal Closeout Report
10. Final Program Report

Title I Comparability
Montana Office of Public Instruction

District Name/No. | Legal Entity | Authorized Representative Signature | Date

County Name and No.

1.	2.	3.	4.	5.	6.	7.	8.
Project Schools NAME	Actual Grade Span	Pupils Enrolled Beginning Of School Year	FTE Teacher Staff	FTE Administration Staff	FTE Auxiliary Staff	Total FTE Staff Columns 4 + 5 + 6	Column 3 ÷ By Column 7
		3A.	4A.	5A.	6A.	7A.	8A.
Average For Nonproject Schools In This Grade Span		Average	Average	Average	Average	Average	Average
						Enter here 110% of Box 8A.	8B.

INSTRUCTIONS

NOTE: The district may divide its schools into grade span groupings. Also, if there is a significant difference in the enrollments of schools within a grade span, for example, the largest school in the grade span has an enrollment that is two times the enrollment of the smallest school in the grade span, the LEA may divide grade spans into a large school group and a small school group.

Category 2 districts will use the school(s) with the lowest percentage or numbers of children from low-income families as the nonproject school(s).

Category 3 districts will use the school(s) eligible, but not being served as the nonproject school(s).

Category 4 district will use the school(s) eligible, but not being served plus the noneligible school(s) as nonproject school(s).

1.	List all schools where Title I projects are operated. Schools with an enrollment of less than 100 may be excluded.
2.	List actual grade span in the school.
3.	List enrollments by school as of the beginning of this school year.
4.-5.-6.	List FTE of the instructional staff paid for with state and local funds by school as of the beginning of this school year. Instructional staff is identified as those staff persons who have a direct effect on the student's educational program, e.g., teachers, aides, tutors, principals, instructional consultants, instructional librarians and counselors. Clerical persons are not to be included. The FTE provided by state and local funds for bilingual education and the excess costs of providing services to children with disabilities may be excluded. (Excess costs are costs of providing services to special education students that are over and above the average per pupil expenditure for all students, Section 300.183 IDEA Part B; 34CFR 300.183.)
7.	Total columns 4, 5 and 6 for each building.
8.	To determine the student-staff ratio, divide column 3 by column 7.
3A.	State the average enrollment for the nonproject schools. To find this average, take the total enrollment of all nonproject schools and divide by the total number of non-project schools.
7A.	State the average FTE of the instructional staff for the nonproject schools. To find this average, take the total FTE staff of nonproject schools and divide by the total number of nonproject schools. The same inclusions and exclusions apply as stated in numbers 4, 5 and 6 of this instruction page.
8A.	To determine the average student-staff ratio, divide column 3A by column 7A.
8B.	To determine the compliance figure, 8B, multiply 8A by 110 percent (1.10).
NOTE:	In order to be in compliance, the ratios listed in column 8 must be equal to or less than the ratio found in column 8B. If the school district is found to be out of compliance, the SEA must withhold an appropriate amount from any final payment or funds remaining in the current allocation or require a refund in an appropriate amount.

Office of Public Instruction
Nancy Keenan, Superintendent
PO Box 202501
Helena, MT 59620-2501

1998-99
Common Assurances for Federal Categorical Aid Programs—Certification

District or Agency Name: **CO:**

The authorized representative for federal programs listed below is the: **LE:**

In addition, if a member of a special education cooperative, the authorized representative for federal special education funds is the:

Each legal entity district (or agency) which will participate in one or more of the programs listed below MUST complete and return this form to the Office of Public Instruction prior to the award of any listed grant. **Submission of this form is not an application for funds and does not obligate the applicant or OPI for the programs. The following pages consolidate common assurances required by statute which apply to the federal programs listed below. Additional specific program assurances may be included in the application or program plan for that individual program. If you have questions, please contact the OPI specialist listed as contact on the program descriptions that accompany this form.**

Common Assurances

TITLE I: Helping Disadvantaged Children Meet High Standards
- Part A—Improving Basic Programs Operated by Local Education Agencies; also includes Part D, Subpart 2 (Local Delinquent/At-Risk), if applicable.
- Part B—Even Start Family Literacy Programs
- Part C—Education of Migratory Children

TITLE II: Dwight D. Eisenhower Professional Development Program

TITLE IV: Safe and Drug-Free Schools and Communities

TITLE VI: Innovative Education Program Strategies

TITLE VII: Bilingual Education, Language Enhancement, Language Acquisition Programs
- Part C—Emergency Immigrant Education

SPECIAL EDUCATION
- Individuals with Disabilities Act, 94-142 (IDEA) Part B
- Preschool Grant Section 619 of IDEA

ADULT BASIC EDUCATION

LEARN AND SERVE MONTANA

McKINNEY HOMELESS ASSISTANCE: Education of Homeless Children and Youth

Certification: I certify that the Common Assurances for Federal Categorical Aid Programs are accepted as the basic conditions for local participation and assistance in the operation of the projects/ programs listed above. I also authorize the representative(s) designated above to make representations and commitments on behalf of the applicant under the provisions of each program.

Printed Name of Board Chair	District/Applicant Name
Signature of Board Chair	Date

Retain a copy of this entire document.	**Please return this page to:** Office of Public Instruction Attn: Carol Gneckow PO Box 202501 Helena, MT 59620-2501	Return *only this page* to OPI.

Office of Public Instruction
Nancy Keenan, Superintendent
PO Box 202501
Helena, MT 59620-2501

COMMON ASSURANCES FOR FEDERAL CATEGORICAL AID PROGRAMS

March 1996

The applicant, by signature of its board chair on page 1 of this document, hereby assures the Montana Office of Public Instruction that the applicant will adhere to the following :

General

1. That each program will be administered in accordance with all applicable statutes, regulations, program plans, and applications [see GEPA (§20 USC 1232e) and Title XIV of ESEA (§20 USC 8856, 14306)].

2. That the applicant will adopt and use proper methods of administering each such program, including the enforcement of any obligations by law on agencies, institutions, and other recipients responsible for carrying out each program; and the correction of deficiencies in operations that are identified through audits, monitoring, or evaluation; [see Title XIV of ESEA (§20 USC 8856, 14306)].

Funding, Fiscal Controls, Record Keeping and Reports

3. That the control of funds provided under each such program and title to property acquired with program funds will be in a public agency or in a nonprofit private agency institution, organization, or Indian tribe, if the law authorizing the program provides for assistance to such entities; and the public agency, nonprofit private agency, institution or organization, or Indian tribe will administer such funds and property to the extent required by authorizing statutes [see GEPA (§20 USC 1232e) and Title XIV of ESEA (§20 USC 8856, 14306)].

4. That the applicant will cooperate in carrying out any evaluation of each such program conducted by or for the state superintendent of public instruction and the secretary or other federal officials [see Title XIV of ESEA (§20 USC 8856, 14306)].

5. That the applicant will use such fiscal control and fund accounting procedures as will ensure proper disbursement of, and accounting for, federal funds paid to such applicant under each such program [see Title XIV of ESEA (§20 USC 8856, 14306) and GEPA (20 USC 8856, 1232e)].

6. That the local education agency will make reports to the state superintendent of public instruction and to the secretary as may reasonably be necessary to enable the state education agency and the secretary to perform their duties and that the local education agency will maintain such records for three years and the current year and provide access to those records, as the superintendent or secretary deem necessary to perform their duties [see GEPA (§20 USC 8856, 1232e) and Title XIV of ESEA (§20 USC 8856)].

7. That in the case of any project involving construction, the project is not inconsistent with overall state plans for the construction of school facilities, and in developing plans for construction due consideration will be given to excellence of architecture and design and to compliance with standards prescribed by the secretary under Section 794 of Title 29 in order to ensure that facilities constructed with the use of federal funds are accessible to and usable by individuals with disabilities [see GEPA (§20 USC 1232e)].

8. That none of the funds expended under any applicable program will be used to acquire equipment (including computer software) in any instance in which such acquisition results in a direct financial benefit to any organization representing the interests of the purchasing entity or its employees or any affiliate of such organization [see Title XX of GEPA (§20 USC 1232e)].

Participation

9. That before each application is submitted, the applicant will afford a reasonable opportunity for public comment on the application and has considered such comment [see Title XIV of ESEA (§20 USC 8856, 14306)].

10. That the local education agency will provide reasonable opportunities for the participation by teachers, parents, and other interested agencies, organizations, and individuals in the planning for and operation of each program [see GEPA (§20 USC 1232e)].

11. That any application, evaluation, periodic program plan or report relating to each program will be made readily available to parents and other members of the general public [see GEPA (§20 USC 1232e)].

12. That the local education agency has adopted effective procedures for acquiring and disseminating to teachers and administrators participating in each program significant information from educational research, demonstrations, and similar projects, and for adopting, where appropriate, promising education practices developed through such projects [see GEPA (§20 USC 1232e)].

13. That the applicant is in compliance with the federal regulations (EDGAR, 34 CFR Part A, 76) governing private school participation which require that public school subgrantees provide students enrolled in private schools with a genuine opportunity for equitable participation should private schools in the subgrantee's district wish to participate in federal programs.

Non-Discrimination

14. That the applicant assures that it will comply with **Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d et seq.,** which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance; and **Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794,** which prohibits discrimination on the basis of handicap in programs receiving federal financial assistance; and **Title IX of Education Amendments of 1972, as amended, 20 U.S.C. 1681 et seq.,** which prohibits discrimination on the basis of sex in education programs receiving federal financial assistance; and the **Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et seq.,** which prohibits discrimination on the basis of age in programs receiving federal financial assistance; and all regulations, guidelines, and standards lawfully adopted under the above statutes by the United States Department of Education.

Gun-Free Schools

15. That the applicant is in compliance with the Gun-Free Schools Act requirements of §20-5-202, MCA (see §20-5-202, MCA).

Debarment and Suspension

16. That the applicant certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation by any federal department or agency, and agrees that it will not knowingly enter into any subcontract or subgrant with a person or agency who is debarred, suspended, declared ineligible or voluntarily excluded from participation by any federal department or agency. If the applicant is unable to provide this certification, an explanation must be attached (see statutory detail in 34 CFR, Part 85, §85.105 and 85.110).

Lobbying

17. That the applicant certifies that:

    a. federal funds received for programs covered by this common assurance form will not be used to influence or attempt to influence an officer or employee of any agency, a Member, officer, or employee of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding of any federal contract; making any federal grant or loan; entering into any cooperative agreement; and extending, continuing, renewing, amending, or modifying any federal contract, grant, loan, or cooperative agreement.
    b. if funds other than federally appropriated funds have been or will be paid to any person for influencing or attempting to influence any of the parties named above, Standard Form LLL, "Disclosure Form to Report Lobbying" will be completed and submitted in accordance with its instructions and returned to OPI.
    c. the language of this section will be included in any subcontracts entered into for funds received under programs covered by this common assurance form, and ensure that all subcontractors certify and disclose accordingly (see statutory detail 34 CFR Part 82).

Consolidated Applications/Plans

18. That the applicant is aware that, for those programs included in a local consolidated application and plan (Titles I, II, IV, VI and VII), submission of a consolidated plan does <u>not</u> permit the commingling of program funds. The consolidated plan does not relieve applicants of the programmatic responsibilities described in the individual program statutes or regulations, including those that would have been in separate applications or plans. The applicant is also aware of exceptions for schoolwide programs under Title I, Part A. (See *Federal Register* dated September 21, 1995.)

Specific Program Assurances

If participating in any of the programs listed below, the applicant, by signature of its board chair on the first page of this document, assures the Montana Office of Public Instruction that the applicant will adhere to the following specific program assurances in addition to the previously listed common assurances:

TITLE I: Helping Disadvantaged Children Meet High Standards
Part A—Improving Basic Programs Operated by Local Education Agencies

1. That the applicant will inform eligible schools and parents of schoolwide project authority.

2. That the applicant will provide technical assistance and support to schoolwide programs.

3. That the applicant will work in consultation with schools as the schools develop the schools' plans pursuant to Section 1114 and assist schools as the schools implement such plans or undertake activities pursuant to Section 1115 so that each school can make adequate yearly progress toward meeting the state content standards and state student performance standards.

4. That the applicant will fulfill such agency's school improvement responsibilities under Section 1116, including taking corrective actions under Section 1116(c)(4) of Title I, ESEA, as amended.

5. That the applicant will coordinate and collaborate to the extent feasible and necessary, as determined by the local education agency (LEA), with other agencies providing services to children, youth, and families, including health and social services.

6. That the applicant will provide services to eligible children attending private elementary and secondary schools in accordance with Section 1120, and timely and meaningful consultation with private school officials regarding such services.

7. That the applicant will take into account the experience of model programs for the educationally disadvantaged, and the findings of relevant research indicating that services may be most effective if focused on students in the earliest grades at schools that receive funds under this part.

8. That beginning in fiscal year 1997 (school year 1997-1998) and in the case that an LEA chooses to use funds under this part, the applicant will provide early childhood development services to low-income children below the age of compulsory school attendance, ensure that such services comply with the performance standards established under Section 641A(a) of the Head Start Act or under Section 651 of such Act, as such Section 661 was in effect on the day preceding the date of enactment of the Human Services Amendments of 1994.

9. That the applicant has established and implemented: (1) a local agencywide salary schedule; (2) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and (3) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

TITLE II: Dwight D. Eisenhower Professional Development Program

That the applicant will provide local match of 50 percent of the cost of the activities assisted under this program, excluding the cost of services provided to private school teachers (Sec. 2209).

TITLE IV: Safe and Drug-Free Schools and Communities

1. That the applicant complies with the requirements of Sections 4115, 4116 and 4117 of the Safe and Drug-Free Schools and Communities Act of 1994 regarding:

   - establishing and utilizing a local advisory council;
   - analyzing current use of tobacco, alcohol and controlled, illegal and addictive or harmful substances and violence, safety and discipline problems among students who attend the schools of the applicant, and that the analysis is based on ongoing local assessment or evaluation activities;
   - adopting and implementing a comprehensive drug and violence prevention program in the schools;
   - developing an evaluation and reporting system that includes the prevalence of drug use and violence by youth in the schools and the community; and
   - coordinating the local plan for drug and violence prevention with other IASA federally funded programs in which the district participates and with other community programs.

2. That the applicant assures that it has reviewed curricula it intends to use and that such curricula will meet the needs of the schools served by the applicant; and assures that the LEA program is an age-appropriate, developmentally based drug abuse and violence education and prevention program for students throughout all grades of the schools (from early childhood through grade 12) operated or served by the applicant.

3. That the applicant assures that its local drug and violence prevention program is a comprehensive program designed for all students and employees to create a disciplined environment conducive to learning, prevent violence and promote school safety, prevent the use, possession and distribution of tobacco, alcohol and illegal drugs by students, and prevent the illegal use, possession and distribution of those substances by employees.

TITLE VI: Innovative Education Program Strategies

1. That Title VI services for children enrolled in both private and public schools are provided on an equitable basis in accordance with ESEA, as amended by Section 6402 of Public Law 103-382, and that annually the district will make every reasonable effort to offer Title VI services to children enrolled in known private schools within the district.

2. That in the design, planning and implementation of programs authorized by Title VI, the district will provide for systematic consultation with parents, teachers, and administrative personnel, and with other groups involved in the implementation of Title VI (such as librarians, school counselors, and other pupil services personnel) as may be considered appropriate by the local education agency.

3. That the district will use Title VI funds only to supplement, not supplant, funds from nonfederal sources (including, to the extent practical, to increase the level of nonfederal funding sources that would be made available in the absence of Title VI funds).

This model may be used by the district to obtain information from nonpublic schools. Nonpublic schools should return these forms to the local district.

1998-99 Opportunity to Participate in Federally Funded Programs by Nonpublic Schools

Return form to Local School District

This section to be completed by LOCAL district:

OPI USE
LE: _ _ _ _ _
CO: _ _

Due date for return to public school district: _____

Check one:
☐ Elem
☐ HS
☐ K-12

_____ _____
Name of PUBLIC SCHOOL DISTRICT within which the nonpublic school is located. County

This section to be completed by official representing the NONPUBLIC school:

_____
Name of NONPUBLIC SCHOOL

☐ Private School
☐ Home School

OPI USE
LE: _ _ _ _ _
CO: _ _

_____
Address

_____ _____
City/State/ZIP Phone No.

Please check each federal program in which this nonpublic school wishes to participate in school year 1996-97.

		Yes	No			Yes	No
ESEA Title I Helping Disadvantaged Children	(T I)	____	____	Special Education IDEA, Part B	(SE B)	____	____
ESEA Title II Dwight D. Eisenhower Professional Development	(T II)	____	____	Special Education Preschool Grant	(SE P)	____	____
ESEA Title IV Safe and Drug-Free Schools and Communities	(T IV)	____	____	School Foods Child Nutrition Programs	(SF)	____	____
ESEA Title VI Innovative Education Program	(T VI)	____	____	Carl Perkins Vocational Education	(VoEd)	____	____
ESEA Title VII Bilingual Education, Language Enhancement and Language Acquisition	(T VII)	____	____				

Please check one:

☐ This nonpublic school received information about the above-listed programs, and does not wish to participate in any of them.

☐ This nonpublic school wishes to participate in the programs checked above. I assure the above public school district that this school will comply with provisions of each federal program in which it participates.

Responsible Nonpublic School Official

Printed or Typed Name	Signature
Title	Date

Nancy Keenan, Superintendent
Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

1998-99 Nonpublic School Participation in Federally Funded Programs Public Districts

Due Date to OPI: Friday, May 22, 1998

Return to: Cebe Sobonya, Nonpublic Schools Data Specialist, OPI, PO Box 202501, Helena, MT 59620-2501

Project Year: July 1, 1998—June 30, 1999

Federal regulations (EDGAR, 34 CFR Subtitle A, 76.650-76.662) governing private school participation require public school districts to inform nonpublic schools within the district boundaries of their students' rights to participate in a variety of federally funded education programs. The public district may provide information for only those programs in which it will participate, with the exception that each district must offer the opportunity for nonpublic students to receive Special Education—IDEA Part B services, if the student is qualified.

CO	County Name	LE	LE Name

The nonpublic schools listed below have indicated their **intention to participate** with this public school district for the 1997-98 school year in the indicated federally funded programs. This district will provide the appropriate services to these districts. If the district participates in a consortia, this list will be provided to the project director for the consortia.

Attach the signed nonpublic participation forms for each nonpublic school wishing to participate.
(A sample form is enclosed for district use.)
Retain a copy of this official list of nonpublic schools wishing to participate in federal programs.

OPI USE Nonpub LE	Nonpublic School Name	See list of program names on next page.								
		T I	T II	T IV	T VI	T VII	SE B	SE P	SF	VoEd

All nonpublic schools located within the district boundaries were offered the opportunity to participate in the federal programs identified in the information provided each public school. **Documentation of notification will be retained in the district office for review, if requested by a program specialist.** All nonpublic schools not listed on the prior page either indicated they did not wish to participate or did not respond to the notification.

Signature:_____ **Date:**_____

(Check appropriate box)

- ☐ District Superintendent
- ☐ Principal (if no District Superintendent)
- ☐ County Superintendent (if no District Superintendent or Principal)

List of Federal Programs

T I	Title I, Helping Disadvantaged Students Meet High Standards
T II	Title II, Dwight D. Eisenhower Professional Development Programs
T IV	Title IV, Safe and Drug-Free Schools and Communities
T VI	Title VI, Innovative Education Program
T VII	Title VII, Bilingual Education, Language Enhancement, and Language Acquisition Programs
SE B	Special Education (IDEA) Part B
SE P	Special Education (IDEA) Preschool
SF	School Food Child Nutrition Programs
VoEd	Carl Perkins/Vocational Education

Nancy Keenan, Superintendent
Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

CERTIFICATION FOR INDIRECT COST RATE
For School Year FY 1998-99

DUE: May 31, 1998

Legal Entity #	School Dist. #	School Name	County	Level

Proposed restricted Indirect Cost Rate _____ % (Round to nearest tenth of a percent.)

INSTRUCTIONS: Complete and submit with one copy of each Application for Indirect Cost Rate. A separate application should be submitted for the elementary and high school district. A copy of this certification will be returned upon approval of your rate.

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal to establish billing or final indirect costs rates for the periods indicated above are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State and Local Governments." Unallowable costs have been adjusted in allocating costs as indicated in the attached Predetermined Indirect Cost Allocation - Schedule A.

(2) All costs included in the proposal are properly allocable to Federal awards on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Office of Public Instruction will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Signature of District Superintendent or Board Chairperson	Street Address or P.O. Box	
Printed Name of Authorized Official	City	ZIP Code
Title	Date	

Send completed form to:
School Accounting and Budgeting
Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

ACCEPTED AND APPROVED FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION BY:

Approved Rate for FY99	Date Approved
_____ %	Signature

D:\INDIRECT\1998\RATECERT.FRX

OFFICE OF PUBLIC INSTRUCTION
STATE CAPITOL
PO Box 202501
HELENA MT 59620-2501
(406) 444-3095

Nancy Keenan
Superintendent

February 21, 1997

TO: School Administrators and Business Managers

FROM: Jim Oberembt
Fiscal Officer Supervisor

RE: Application for FY98 Indirect Cost Rate

Enclosed are forms to request an indirect cost rate for fiscal year 1997-98. Completion of this form is optional. The form is required only if your district plans to charge indirect costs (e.g., general administration, accounting services, personnel services) to federal grant awards using an indirect cost rate. Application for an indirect cost rate does not increase the amount of your federal grant awards.

The "preliminary rate" shown on Schedule A was calculated using expenditures reported on your FY96 Trustees' Financial Summary adjusted for benefits reported in the Retirement Fund (14) and undistributed employee benefits in other funds. You may either request to use this preliminary rate, or submit an adjusted rate (see enclosed instructions).

If your elementary and high school districts will be submitting separate grant applications, each district must apply for its own indirect cost rate. Unless otherwise restricted by the terms of a grant, the indirect cost rate approved by OPI will apply to all of your federal grants, regardless of whether the grant is administered by OPI, another state agency, or received directly from a federal agency.

Changes for FY98:

1. Auditing costs may be reclassified as indirect only if the district is spending more than $300,000 in federal funds. This is a change from the new Single Audit act.
2. U.S. Dept of Education regulations allow all employee benefits related to indirect functions and property and liability insurance to be considered as indirect costs.

By May 31, 1997, please sign and send the enclosed Certification form and a copy of Schedule A to our office. Include any worksheets, schedules, and other supporting documentation which might expedite the approval of your proposal. The completed application should be sent to:

School Accounting and Budgeting Division
Office of Public Instruction
P.O. Box 202501
Helena, MT 59620-2501

Please call me at 444-4332 (temporary number during our construction) or 444-1257 after March 15, if you have any questions or need additional information. Our fax number is 444-1369.

OFFICE OF PUBLIC INSTRUCTION
CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE

Instructions

INDIRECT COST PROPOSALS

An indirect cost rate is a means of determining in a reasonable manner the percentage of allowable general administrative expense that each Federal grant should bear. Generally, an indirect cost rate is the ratio of total indirect costs to total direct and unallowable costs, exclusive of any extraordinary or distorting expenditures such as capital outlay and debt service. Expenditures for the second preceding fiscal year are used when completing the indirect cost proposal for a given fiscal year. For example, expenditures for FY 1996-97 will be used to complete the Indirect Cost Proposal for FY 1998-99. An indirect cost rate does not increase the grant. It allows a portion of the total grant to reimburse the school district for indirect costs such as accounting, payroll, personnel, etc. The Office of Public Instruction has, in cooperation with the U.S. Department of Education developed an indirect cost plan to be used by local education agencies (LEA's) in Montana. The Office of Public Instruction has been delegated the authority by the U.S. Department of Education to review indirect cost proposals and to approve indirect cost rates for LEA's.

Applications for grants usually involve a request for reimbursement of both direct and indirect costs. OMB Circular A-87 contains provisions for determining indirect cost rates for grantees and subgrantees of Federal grants. LEA's are not required to develop an indirect cost proposal, however, if they fail to do so, they will not be allowed to recover any of the indirect costs related to Federal grants. To recover any indirect costs for the administration of federal grants, a LEA must have an approved indirect cost rate.

The sources of information used to develop an indirect cost rate are the LEA's official annual Trustees' Financial Summary and the detail accounts that make up that report. It is essential school districts classify expenditures uniformly and consistently in accordance with the Montana School Accounting Manual. The Office of Public Instruction will prepare a "preliminary restricted indirect cost rate" for school districts requesting an indirect cost rate. School districts may use this rate or submit an adjusted rate for OPI approval as discussed later in these instructions. Generally, records and documentation supporting the indirect cost proposal must be retained for a period of three years from the date of submission to the Office of Public Instruction. If audit exceptions have been noted, records must be retained until those exceptions have been resolved.

DEFINITIONS

1. Indirect Costs

   Indirect costs are those costs of a general nature which are not readily identifiable with the activities of the grant but are, nevertheless, incurred for the joint benefit of those activities and other activities or programs of the organization.
   As prescribed by OMB Circular A-87, indirect costs are costs which meet the following criteria:

   a. Incurred for a common or joint purpose benefiting more than one cost objective.
   b. Not readily assignable to the cost objectives specifically benefitted.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

DEFINITIONS-continued

1. Indirect Costs-continued

Administrative indirect costs consist of the salaries and other expenses, other than the superintendent's office, which benefit the **entire** LEA. Those activities that are limited to one school, subject, or phase of operation, are not indirect costs.

Salaries and expenses for auditing for districts spending over $300,000 of federal funds, accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, mailrooms, word processing pools, computer networks, or data processing operations are examples of costs which typically benefit several activities and programs. These types of costs may be allocated to federal programs by means of an indirect cost rate. In theory, all such costs can be charged directly. However, using an indirect cost rate is often more efficient and practical.

Salaries and expenses related to the direction and supervision of such functions as instruction, guidance, attendance, transportation, community services, and student services are not indirect costs. The cost of these functions are direct costs. For example, the business manager, accounting manager, and accounting section are included as administrative indirect costs, but the director of transportation would be classified as a direct cost. Expenditures identified as indirect costs cannot also be classified as direct costs.

Under federal regulations, fixed charges are classified as indirect costs if associated with salaries included as indirect costs. Fixed charges are direct costs if associated with salaries which are direct costs. Regulations also provide fixed charges include property, liability, and employee insurance.

Fixed charges are exclusively identified as:

a. TRS/PERS Employee retirement
b. Social Security
c. Unemployment
d. Workers' Compensation
e. Property, employee, health, and liability insurance
f. All similar costs normally considered to be employee fringe benefits.

No other items of expenditure are to be classified as indirect fixed charges. For indirect cost rate purposes, the employee benefit expenditures reported in the Retirement Fund (14) are distributed by OPI to each program and function based upon each program and function's pro-rated share of salary expense for all funds. Undistributed employee benefits in other funds are distributed to each program and function based upon each program and function's pro-rated share of salary expense for that particular fund.

2. Direct Costs

Direct costs are incurred specifically for one activity and can be identified specifically with that activity. These costs may be charged directly to grants, contracts, or to other programs. OMB Circular A-87 requires the school district to keep time and effort records to support salary expenditures charged directly to federal grants. Expenditures charged direct cannot also be classified as indirect costs.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

DEFINITIONS-continued

3. Unallowed Costs

Costs of general government are classified as unallowable (meaning federal funds cannot be used for these purposes) by OMB Circular A-87, however, these costs are included in the rate computation. The school board, superintendent, the superintendent's secretary, and expenses related directly to the operation of the superintendent's immediate offices, specifically cannot be classified as indirect costs and are considered, for rate computation purposes, to be unallowed costs. An individual principal, a principal's secretary, and the expenses related to the operation of these immediate offices are not indirect costs but are considered to be direct costs. General government costs are combined with direct costs to make up the base (denominator) in the rate computation.

4. Excluded Costs

Other cost items also classified by OMB Circular A-87 as unallowable are excluded from the computation of the indirect cost rate. Excluded costs include capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, fund raising, investment counseling for non-federal funds, losses on property, lobbying, operating transfers, and residual equity transfers.

5. BASE The Base (denominator) in the rate computation includes direct costs and unallowed costs.

6. Restricted Indirect Cost Rate

A restricted indirect cost rate is required when Federal grants contain a "supplement but not supplant" provision. This means federal funds must be used in addition to state and local funding. Federal funds are intended to supplement, but in no way replace, local funds. Most of the Federal grants the school district obtains through the Office of Public Instruction are of the "restricted" type.

A restricted indirect cost rate includes only allowable indirect costs for general administration and related fixed charges. These costs make up the numerator, and the base or denominator include direct and unallowable general government costs.

FINANCIAL REPORTS AND RECORDS REQUIRED TO COMPLETE INDIRECT COST PROPOSAL

1. The annual TRUSTEES' FINANCIAL SUMMARY - Statement of Revenues, Expenditures and Changes in Fund Balance.
2. Other financial records or reports necessary to document the classification of certain expenditures classified as indirect or excluded costs. (See AUDIT REQUIREMENTS.)
3. Schedule A - Restricted Predetermined Indirect Cost Rate Worksheet:

Column A Total expenditures are determined by summing the general fund and special revenue funds (fund numbered less than 50) excluding object 910 operating transfers and 971 residual equity transfers. Employee benefit expenditures reported in the Retirement Fund (14) are distributed by OPI to each program and function based upon each program and function's pro-rated share of salary expense for all

funds. Undistributed employee benefits in other funds are distributed to each program and function based upon each program and function's pro-rated share of salary expense for that particular fund. The debt service, capital projects, trust, enterprise, and internal service funds are also excluded. Columns B,C,D,E, and F must total to column A.

Column B Direct and Unallowable Costs include all expenditures in the general and special revenue funds (funds numbered less than 50) except for capital outlay, debt service, and functions 25XX Business Services and 28XX Central Services.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

Column C Indirect Costs include all expenditures in functions 25XX Business Services and 28XX Central Services except for capital outlay and debt service for the General (01), Retirement (14), Metal Mine Tax Reserve (24), State Mining Impact (25), and Impact Aid (26) funds.

Column D,E,F Excluded Costs include all expenditures in the general and special revenue funds (funds numbered less than 50) for function code 4XXX Facilities Acquisition and 5XXX Debt Service and object codes 7XX Capital Outlay and Equipment, and 840 Principal, 850 Interest, and 860 Agent Fees.

School districts may request to use the preliminary indirect cost rate calculated on Schedule A or submit an adjusted rate after reclassifying expenditures as discussed on page 8.

AUDIT REQUIREMENTS

1. General Requirements
The classification of expenditures must be in conformance with the Montana School Accounting Manual. Failure to comply with the classification of expenditures as required may result in Single Audit questioned costs related to indirect cost recovery. In addition, Schedule A must reconcile in total with the District's Trustees' Financial Summary for the appropriate fiscal year.

2. Additional Documentation - Indirect Costs
Detail records are required to support any indirect costs attributed to function 23XX General Administration, 25XX Business Services, and 28XX Central Services. These records should include a justification or explanation as to why a cost has been classified as indirect. Indirect costs are usually only found in the General (01), Retirement (14), Metal Mine Tax Reserve (24), State Mining Impact (25), Impact Aid (26) funds or an indirect cost pool established in the Indirect Cost Recovery (Aggregate of Reimbursements) project in Miscellaneous Program Fund (15). Costs to consider classifying as indirect costs rather than as direct costs include: auditing if spending more than $300,000 in federal funds, accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, mailrooms, word processing pools, computer networks, or data processing operations. Once a cost item has been classified as indirect, it should be classified consistently from year to year as indirect. Costs which are charged directly to a particular program may not be classified as indirect. For example, if the business manager's salary is allocated to the general, transportation, or other funds, only the general fund portion may be considered indirect since the remaining salary has been directly charged to other programs.

Costs classified as indirect should be supported by worksheets and retained for audit.

Failure to provide adequate documentation may result in Single Audit questioned costs related to indirect cost recovery.

3. Additional Documentation - Excluded Costs
Schedules or other records should be maintained that document the reporting of all expenditures classified as excluded costs. Excluded costs include capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, operating transfers, and residual equity transfers. Failure to document all excluded type costs have been reflected accurately may result in Single Audit questioned costs relative to indirect cost recovery.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

LIMITATIONS ON THE RECOVERY OF INDIRECT COSTS

Three major limitations affect how much indirect cost may be recovered. These limitations are:

1. The rate negotiated with the Office of Public Instruction is the maximum allowable indirect cost for any federal program in which the school district participates. Federal law or grant conditions may further limit the amount of indirect costs or the indirect cost rate. For example, if the LEA has a restricted rate of 5 percent and the law allows only a 3 percent rate of recovery for that program, then the LEA can recover only indirect costs equal to 3 percent of the direct costs. Some grants may prohibit any recovery of indirect costs.
2. Recovery of indirect costs on grants is subject to the availability of funds. Most restricted grants are allocated to the State as a block grant in which each LEA is entitled to a maximum grant amount. The total direct costs plus indirect costs cannot exceed the maximum entitlement.
3. Indirect costs are recovered only to the extent of direct costs incurred. The indirect cost rate is applied to the direct cost amount expended less capital outlay and subgrants, not to the grant award.

PERIOD FOR WHICH RATES ARE APPLICABLE

An indirect cost rate certification approved by the Office of Public Instruction is applied for one year. The rate is valid from July 1 through June 30 of the applicable fiscal year of approval or the term of the grant award. To recover indirect costs, the LEA applies the indirect cost rate in effect for a given fiscal year or the term of the grant award to the direct expenditures less capital outlay during that fiscal year or the term of the grant award.

APPLICATION OF RATE

Once the proposal has been approved by the Office of Public Instruction, the district may elect to:

1. Apply the approved and applicable rate to all eligible federal projects.
2. Apply the approved and applicable rate only to specific eligible projects; OR
3. Not apply the rate to any projects.
4. Apply the maximum rate or less than the maximum rate. If the rate applied is less than the maximum rate, it is not necessary to apply the reduced rate uniformly to all projects.

Budgeting: The following formula should be used to determine the amount that could be budgeted as indirect cost reimbursement.

Budgeting Indirect ____ Indirect Cost Rate %____

Cost Reimbursement: (1.00 + Indirect Cost Rate %) X (Total Award less Capital Outlay and Subgrants)

Actual Application:

Example: If total direct expenditures less capital outlay and subgrants are $10,000 and the indirect cost rate approved by OPI is 3%, a school district could take "indirects" up to $300. As provided by Section 20-9-507, MCA, this amount is "transferred" from the grant to the "Indirect Cost Recovery" (Aggregate of Reimbursements) project in the Miscellaneous Programs Fund (15). Section 20-9-507, MCA, also provides indirect cost reimbursements be spent at the discretion of the trustees. Accordingly, the school district should adopt an expenditure policy to spend indirect cost reimbursements. Indirect cost reimbursements should not be accumulated but should be used for general administrative expenses.

SUBMITTING THE INDIRECT COST PROPOSAL

Submit a signed Certification form and a copy of Schedule A if an adjusted rate has been requested by May 31, 1998. Include worksheets, schedules, and other supporting documentation which would expedite the approval of the proposal. The completed application should be mailed to: School Accounting and Budgeting Division, Office of Public Instruction, PO Box 202501, Helena, Montana 59620-2501

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

EXAMPLE

Office of Public Instruction
Schedule A
Restricted Predetermined Indirect Cost Rate For FY 1998-99 Using FY97 Expenditures

Co LE District Name					Excluded Costs	
02 2222 S.D. No.1			Total	Direct and	Indirect	
Capital Outlay	Debt Financing	Other	Expenditures	Unallowable Costs	Costs	
(D)	(E)	(F)	(A)	(B)	(C)	
Expenditure Function						
1XXX Instruction			619987.73	612309.20		
XXXXXXXXXX	7668.53	0.00	0.00			
221X Improvement of Instruction			17139.93	17139.93		
XXXXXXXXXX	0.00	0.00	0.00			
222X Educational Media Services			25343.19	25343.19		
XXXXXXXXXX	0.00	0.00	0.00			
22XX Instructional Staff			350.00	350.00		
XXXXXXXXXX	0.00	0.00	0.00			
23XX General Administration			32889.89	32889.89		

.00	0.00	0.00	0.00	
24XX School Administration			33897.28	33897.28
XXXXXXXXXX	0.00	0.00	0.00	
25XX Business Services			37825.49	1553.28
36272.21	0.00	0.00	0.00	
26XX Bldg Oper & Main			86369.76	84011.59
.00	2358.17	0.00	0.00	
27XX Student Transportation			50674.33	47917.08
XXXXXXXXXX	2757.25	0.00	0.00	
31XX Food Services			72308.43	72308.43
XXXXXXXXXX	0.00	0.00	0.00	
32XX Enterprise Services			431.64	431.64
XXXXXXXXXX	0.00	0.00	0.00	
35XX Extracurricular-Athletics			8962.98	8962.98
XXXXXXXXXX	0.00	0.00	0.00	
62XX Resource Transfers			6243.50	6243.50
XXXXXXXXXX	0.00	0.00	0.00	

Totals S.D. No 1			992414.15	943357.99
36272.21	12783.95	0.00	0.00	
Direct Costs Reclassified				
Indirect Costs-See Instructions	XXXXXXXXXX		-5000.00	
5000.00	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
Direct or Indirect Costs				
Reclassified as Excluded Costs	XXXXXXXXXX		-1000.00	-
800.00	1000.00		800.00	
See instructions				
Adjusted Totals			992414.15	937357.99
40472.21	13783.95	0.00	800.00	

	Preliminary Indirect Cost Rate	3.85 %
	[C divided by B] 36272.21/943357.99	
2222	Requested Indirect Cost Rate	4.32 %

S.D. No 1 [Adjusted C divided by Adjusted B]

Employee benefits in Fund 14 and other funds were distributed by OPI. See attached listing. Total expenditures include the general fund and special revenue funds (funds numbered less than 50) and exclude residual equity transfers and operating transfers. Only costs in Fund 01, 14, 24, 25, 26, and the indirect cost recovery project in Fund 15 may be reclassified as indirect costs. Functions blocked out with X's may not be reclassified as indirect costs.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

INSTRUCTIONS TO CALCULATE AN ADJUSTED RATE:

Direct Costs Reclassified as Indirect Costs:
The preliminary rate calculated from the district's FY97 Trustees' Financial Summary classifies all costs accounted for in function 23XX and the Miscellaneous Program Fund (15) as direct. If the district is, in fact, accounting for some these costs as indirect costs, they should be reclassified on the form from column (B) to column (C). Review expenditures in function code 23XX General Administration for the General (01), Retirement (14), Metal Mine Tax Reserve (24), State Mining Impact (25), Impact Aid (26) funds to determine if any of the following costs currently classified as direct costs should be classified as indirect costs: auditing if spending more than $300,000 in federal funds, accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, mailrooms, word processing pools, computer networks, or data processing operations. If the school district has established an indirect cost pool in the "Indirect Cost Recovery" (Aggregate of Reimbursements) project in the Miscellaneous Fund (15), these costs (function 23XX, 25XX, or 28XX) may also be reclassified from column (B) direct costs to column (C) indirect costs.

If any of the above costs will be reclassified as indirect costs or coding corrections are necessary, prepare a worksheet or schedule supporting the reclassification and retain the worksheet for audit. It is important to point out costs should be classified consistently from year to year. Also, if any of the above cost items are currently charged directly to federal grants, these costs may not be reclassified as indirect. For example, if a pro-rated share of the cost of an A-128 audit is currently charged directly to a federal grant, the cost may not be reclassified as indirect.

Salary and expenses related to school board operations or the superintendent's office are considered unallowable costs but are included in the base with direct costs. Accordingly, these costs MAY NOT be reclassified as indirect costs.

Enter the amount of allowable indirect costs to be reclassified from direct costs to indirect costs as a negative amount in the box provided in column B. Enter the same amount as a positive amount in the box provided in column C.

Direct or Indirect Costs Reclassified as Excluded Costs:
Review expenditures in any function code for the general and special revenue funds (funds numbered less than 50) for costs which should be excluded from the rate computation. Prepare a worksheet or schedule listing excluded costs. Such cost include expenses for capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, operating transfers, and residual equity transfers. Retain the worksheet or schedule for audit.

Enter the amount of excluded costs to be reclassified from direct or indirect categories as a negative amount in the box provided in column B or column C. Enter an equal amount as a positive amount in the boxes provided in columns D, E, or F as appropriate.

Calculating the Adjusted Rate:
Calculate adjusted column totals. The totals in Columns B,C,D,E, and F must equal the total in Column A. Calculate the adjusted rate by dividing the adjusted total of column C by the adjusted total of column B and enter it in the box provided. Enter this rate on the certification form if it differs from the original "preliminary indirect cost rate" provided by OPI.

Submitting the Indirect Cost Proposal
Submit a signed Certification form and a copy of Schedule A if an adjusted rate has been requested by May 31, 1998. Include worksheets, schedules, and other supporting documentation which might expedite the approval of the proposal. The completed application should be mailed to: School Accounting and Budgeting Division, Office of Public Instruction, PO Box 202501, Helena, Montana 59620-2501.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

RECORDING INDIRECT COST RECOVERIES

Example: Assume the Title I grant award is $100,000. You have budgeted $90,000 salaries and benefits, $2,233 of operating expenses, and $5,000 of equipment. The IDC rate is 3.00%. That means you budget [(3%/103%) X (100,000-5000)] = $2766.99 as IDC recoveries. The project reporter code used here is 123, but you could assign any three digit number other (than the 900's) that you choose.

1. Receive the grant revenue in as usual. The indirect cost recoveries are included in the amount. OPI does not split the payment out for indirects.

Fund 15	
Debit: 101 Cash	$100,000
Credit: 402 Revenue Control	$100,000
Revenue Subsidiary Ledger	
Credit: 4510-123 (Use whatever grant revenue code applies)	$100,000

2. Pay normal program expenditures: (assume only $91,000 of award was spent)

Fund 15	
Debit: 802 Expenditures Control	$91,000
Credit: 101 Cash or 601 Warrants Payable	$91,000
Expenditure Subsidiary Ledger	
Debit: X15-291-1XXX-XXX-123 Use exp. coding as appropriate	$86,000
Debit: X15-291-1XXX-7XX-123 Equipment	$ 5,000

3. When expenditures have been made, transfer the indirect cost recoveries out of the project into the indirect cost project in fund 15. REMEMBER: The IDC rate can only be applied to actual expenditures less equipment expenditures and subgrants. In this example, that would be $86,000 X .03 = $2580.

Fund 15	
Debit: 802 Expenditure Control	$2,580

Credit: 402 Revenue Control		$2,580
Subsidiary accounts:		
Expenditures:		
Debit: X15-291-**9999-940**-123	Indirect Cost Recovery	$2,580
Revenues:		
Credit: X15-**4930**-222	Indirect Cost Revenue	$2,580

This transaction records indirect cost recovery taken as an expenditure in the grant project and as revenue in the Indirect Cost Recovery project. Notice a unique project reporter code is used for the indirect cost recovery "pool." Used appropriately, this money is intended to pay for costs of administration and operations which cannot be reasonably allocated directly to one particular program or grant (i.e., indirect costs). However, there is no specific legal restriction addressing what it can be used for.

4. In this example, $6420 ($100,000-91,000-2,580 = 6,420) was not spent and would have to be refunded to OPI.

5. Reminder: IDC recoveries are not required. Claiming IDC recoveries reduces the amount available for direct expenditures on the grant.

Nancy Keenan, Superintendent
Office of Public Instruction
PO Box 202501
Helena, Montana 59620-2501

ESEA Title VI Annual Budget 1998-1999

CFDA #84.298

CONTINGENT UPON AVAILABILITY OF FEDERAL FUNDS

The budget period is July 1-September 30 (15 months). Amendments to this budget may occur up to project close-out, but no later than September 30.

The maximum allowable carryover for districts or consortia of districts is 25 percent of the previous year's allocation. The 25 percent carryover limitation will be applied as of September 30. Requests to carryover funds in excess of the 25 percent limit must be made in writing by June 1. Contact the OPI specialist assigned to this project for directions.

Prime Applicant District:_____ Legal Entity: __ __ __ __

Budget Items	Proposed Budget	Approved Budget 1	Approved Budget 2	Approved Budget 3
1. Salaries and Benefits Objects 1xx, 2xx				
2. Operating Expenses Objects 3xx, 4xx, 5xx, 6xx, 8xx				
3. **SUB-TOTAL DIRECT COSTS**				
4. Indirect Costs @ ____% (See back for directions.)				
5. Equipment ($5,000 or more per unit) Attach Details and Justification Object 7xx				
6. **TOTAL BUDGET**				
7. **OPI Use Only: Approved By/Date**				
Project No.				

OPI USE ONLY (at time of fiscal closeout of previous year's project)

☐ The final determination of fiscal year 1998 Title VI carryover funds has been completed. The final amount of _____ has been amended into this budget. The most recent approved amount is the total available for this project year as of this date.

Signed_____ Date_____

For assistance, contact Kathleen Mollohan at 444-4317, or Donna MacDonald at 444-1852.

Example Indirect Cost Calculation

To calculate Indirect Costs on Line 4: If approved rate is 4.32% and total grant award is $40,000 and equipment cost on Line 5 is $5,500:

$$\frac{\text{Indirect Cost Rate}}{(1.00 + \text{Indirect Cost Rate})} \quad X \quad \text{Total Award less Equipment (Line 5) } (\$40{,}000 - \$5{,}500) = \text{Line 4}$$

$$\frac{.0432}{1.0432} \quad X \quad \$34{,}500 = \$1{,}428.68 \text{ (Line 4)}$$

To check, multiply the approved rate times Line 3.

Nancy Keenan, Superintendent
Office of Public Instruction
Administrator, Dept. of Curriculum Services
PO Box 202501
Helena, Montana 59620-2501

Annual Budget and Program Modification Request for Federal Programs

DIRECTIONS—Only a Prime Applicant should complete this form. Use a separate form for each program.

1. **Budget** modifications are required when there is:
   a. additional purchase of equipment items costing $5,000 or more per item, or
   b. a revision in the budget which results in a change in overall funding.
2. **Program** modifications are required when there is:
   a. a change in the Program Components, or
   b. a request to extend the project period to September 30 (only for programs other than Titles I, II, IV and VI since these programs are already approved for 15 months).
3. Extensions must be requested if expenditures will be incurred after the last date of the project. Extensions beyond September 30 cannot be approved.
4. Requests for budget or program modifications must be submitted by the last date of the approved project period. Send to the Office of Public Instruction, Department of Curriculum Services. Retain a copy for district files.

Prime Applicant/Fiscal Agent:	County:	☐ Elem Legal Entity: ___ ___ ___ ___ ☐ H.S. Legal Entity: ___ ___ ___ ___ ☐ K-12 Legal Entity: ___ ___ ___ ___ ☐ Other Legal Entity: ___ ___ ___ ___

Fill in the program name and project number (from the approved budget page) for which this MODIFICATION is being requested.

Federal Program Name	Project Number
_____	PN: ___-___-___ ___ ___ ___-___ ___ ___

Expenditures for these modifications or extension must be made using the above project number. Check below to indicate a Budget or Program Modification or Extension.

☐ Budget Modification
- If a **budget** modification is requested, attach a copy of the revised budget. Give explanation for revision.

☐ Program Modification
- If a **program** modification is requested, describe the program change (additional pages may be attached) or attach a revised "Program Components" page.

☐ Program Extension
- If eligible or necessary, give extension ending date: _____ (no later than September 30). Give reasons for extension. Titles I, II, IV and VI do not need extensions as budget period is already 15 months (July 1 to September 30 of the following year).

Authorized Representative Signature

Authorized Representative: (Print or Type Name)

Signature of Authorized Representative: _____ Date: _____

FOR OPI USE ONLY

☐ Approved ☐ Approved with conditions (see attached) ☐ Denied

Signature: _____ Date: _____
OPI Program Representative

Signature: _____ Date: _____
OPI Program Accountant

Nancy Keenan, Superintendent
Office of Public Instruction
Accounting Department
PO Box 202501
Helena, Montana 59620-2501

Cash Advance Request for State and Federal Grant Programs

DIRECTIONS—Only a Prime Applicant should complete this form. Use a separate form for each project.

1. Complete and sign, then send the original of this form to the Office of Public Instruction, Accounting Department. Retain a copy for district files.
2. The amount requested for a particular month must be the minimum amount needed in that month for actual immediate cash required to carry out the purpose of the approved project.
3. The Office of Public Instruction may, at its discretion, request written documentation and/or an explanation for the amount requested for any or all months, and may request a report of cash-on-hand at anytime during the project period.
4. The total amount of the cash advances requested for this project may be less, but not more, than the approved project budget.
5. This form must be received at the Office of Public Instruction by the 25th of the month PRECEDING the first month a cash advance is needed. The amount requested for a particular month will be sent on the 10th day of that month (e.g., the amount of cash requested below for August will be sent on August 10th if this form is received at the Office of Public Instruction by July 25th).
6. Amended cash advance request forms should be submitted for this project if at anytime during the year a significant cash shortfall or excessive cash-on-hand exists.

Prime Applicant	County:	☐ Elem Legal Entity: ___ ___ ___ ___ ☐ H.S. Legal Entity: ___ ___ ___ ___ ☐ K-12 Legal Entity: ___ ___ ___ ___ ☐ Other Legal Entity: ___ ___ ___ ___

Fill in the project name and number (from the budget page) for which this CASH ADVANCE REQUEST is being requested.

State/Federal Program Name	Project Number
_____	PN: ___-___-___-___-___

Check below to indicate if this is an initial or an amended cash request for this project period ____ - ____.

☐ Initial request ☐ Amended request

Amount of cash advance requested for disbursements to be made in:

July	$ _____	March	$ _____
August	$ _____	April	$ _____
September	$ _____	May	$ _____
October	$ _____	June	$ _____
November	$ _____	July	$ _____
December	$ _____	August	$ _____
January	$ _____	September	$ _____
February	$ _____		

TOTAL $ _____

I certify that the amount of the monthly cash advances requested above is a reasonable estimate of the minimum amount needed in each month to carry out the purpose of this project.

Authorized Representative Signature:_____ Date:_____

Clerk/Business Official Signature:_____ Phone:_____ Date:_____

FOR OPI USE ONLY ☐ Approved ☐ Denied ☐ Recorded

Signature:_____ Date:_____

OPI Program Accountant

Nancy Keenan, Superintendent
Office of Public Instruction
Accounting Department
PO Box 202501
Helena, Montana 59620-2501

Fiscal Closeout Report
for State and Federal Grant Programs

DIRECTIONS—ONLY A PRIME APPLICANT SHOULD COMPLETE THIS FORM. USE A SEPARATE FORM FOR EACH PROJECT.
Complete and sign, then send the original of this form to the Office of Public Instruction, Accounting Department. Retain a copy for district files.

Prime Applicant:	County:	☐ Elem Legal Entity: ___ ___ ___ ___ ☐ H.S. Legal Entity: ___ ___ ___ ___ ☐ K-12 Legal Entity: ___ ___ ___ ___ ☐ Other Legal Entity: ___ ___ ___ ___

Fill in the project name and number (from the budget page).

State/Federal Project Name: _____

Project Number:
PN: ___ - ___ ___ - ___ ___ ___ - ___ ___ ___

Project Period: From: ____-____-____ (mo / day / yr) To: ____-____-____ (mo / day / yr)

Expenditures (Follow instructions on the back.)	(a) Elementary Expenditures (Title I only)	(b) High School Expenditures (Title I only)	(c) Total Project Expenditures [(a) + (b)] (All programs)	(d) Matching Funds (If required by program)
1. Salaries and Benefits Objects 1xx, 2xx				
2. Operating Expenses Objects 3xx, 4xx, 5xx, 6xx, 8xx				
3. SUB-TOTAL DIRECT COSTS (Sum of lines 1 + 2)				
4. Indirect Cost Recovery _____% Object 62xx-940				
5. Equipment ($5,000 or more per unit) Object 7xx				
6. Transferred to Other Districts Object 6200-930 (IDEA only)				
7. TOTAL Expenditures (Sum of lines 3, 4, 5 + 6)				

8. TOTAL Funds Received _____
9. TOTAL Funds Expended _____
10. Due to OPI (attach refund) (line 8 > line 9) _____
OR
11. Due from OPI (line 8 < line 9) _____

Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all expenditures are for the purposes set forth in the award documents.

Authorized Representative Signature:_____ Date:_____

Clerk/Business Official Signature:_____ Phone:_____ Date:_____

FOR OPI USE ONLY ☐ Approved ☐ Final
Signature:_____ Date:_____
OPI Program Accountant

Instructions

Please type or print legibly. The following general instructions explain how to complete lines 1 through 11 of the Expenditures section. Submit the Fiscal Closeout Report for a July-June project to OPI **no later than August 10.** Submit the Fiscal Closeout Report for a July-September project to OPI **no later than November 10.**

1, 2, and 3. Self-explanatory.

4. Use the approved indirect cost rate of the prime applicant in effect the first day of the project period. The amount entered on this line cannot exceed the approved percentage rate times the amount on line 3. The indirect cost rate applied to a Carl Perkins grant may not exceed 5 percent.

5. Enter the amount of expenditures for purchased or leased equipment for which prior OPI budget approval was given.

6. Enter the dollar amount of IDEA funds that you, as a prime applicant, transferred to other school districts.

7. Self-explanatory.

8. Enter the total amount of cash advances/reimbursements received from OPI during the project period.

9. Enter the amount on line 7.

10. Use line 10 if total funds received exceed total funds expended. If the dollar amount entered on line 10 is less than $10, the recipient is NOT REQUIRED to send a refund to OPI.

11. Use line 11 if total funds expended exceed total funds received. OPI will automatically send the balance owed if line 8 is less than line 9.

Nancy Keenan, Superintendent
Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

1997-98 Final Program Report Title IV—Safe and Drug-Free Schools and Communities Program (Base Grant)

Project Number:	County:	CO #:
District Name—Prime Applicant:		LE:
Person Completing Report :	Title:	Summer Phone:

1. Send the completed report to the Safe and Drug-Free Schools and Communities Program at the Office of Public Instruction, PO Box 202501, Helena, MT 59620-2501. Retain a copy in the district's project file.
2. This report is due no later than **November 10, 1998.**

To the best of my knowledge, the information contained in this report is accurate and complete.

Typed or Printed Name of Authorized Representative:

Authorized Representative Signature	Title	Date

DIRECTIONS:

Final Program Report

The Project Director should complete the report and have it signed by the project's Authorized Representative. The narrative is an evaluation and progress report on the administration of the local Safe and Drug-Free Schools and Communities Program and on the program's effectiveness. The Final Program Report provides data the U.S. Department of Education requires states to collect in order to be eligible for funds in subsequent years.

1997-98 Final Program Report
Safe and Drug-Free Schools and Communities Program

Please circle your response to each item below using the following key:

1—Strongly Disagree; 2—Disagree; 3—Agree; 4—Strongly Agree

		SD	D	A	SA
1.	Your district consolidated plan easily incorporated the program activities of the local SDFSC project.	1	2	3	4
2.	The school and community perceive the program to be effective.	1	2	3	4

3. Comment on OPI's administration and technical assistance of the Safe and Drug-Free Schools and Communities Program.

4. Briefly describe any problems experienced in administering the Safe and Drug-Free Schools and Communities Program.

5. Describe the local program's most effective program and/or most significant accomplishment.

DEFINITIONS:

Incident - A violation of a statute or regulation; it may involve one or more victims and one or more offenders. For reporting purposes, an ***incident*** of prohibited behavior is the single most serious act that occurs in a given overall incident. ***Incidents*** (ordered from most serious to least serious) include the following: homicide; sexual battery (including rape); robbery; breaking and entering/burglary; larceny/theft; motor vehicle theft; kidnapping; arson; threat/intimidation; use or possession of drugs (other than alcohol); sexual harassment; sex offenses (non-forcible); vandalism; ***weapon*** possession; unclassified offenses; alcohol (liquor law violations); tobacco (where declared illegal); trespassing; fighting; disorderly conduct; as well as other major offenses; and other state (district or municipal) defined offenses.

Nonschool personnel - An individual who was neither a ***student*** nor school personnel for the district reporting the incident.

Offender - Any individual, whether ***student*** or not, involved in committing an incident of prohibited behavior. There may be more than one offender involved in any single incident.

School personnel - A teacher, administrator, or other school staff member such as support staff or maintenance worker; includes a school-based law enforcement officer such as a school resource officer.

Student - An individual who is enrolled as a PK-12 ***student*** in the school district reporting the incident at the time the incident occurred.

Weapon - Any instrument or object possessed or used to inflict harm on another person, or to intimidate any person. Examples include firearms of any kind (operable or inoperable, loaded or unloaded); all types of knives, chains, pipes, razor blades or similar instruments with sharp cutting edges; ice picks, dirks, other pointed instruments (including pencils, pens); nunchakus; brass knuckles; Chinese stars; billy clubs; tear gas guns; electrical weapons or devices (stun guns); BB or pellet guns; and explosives or propellants.

Weapons-related incident - Any incident that involves possession, use, or intention of use of any instrument or object to inflict harm on another person, or to intimidate a person, as well as any incident that is somehow related to the possession, use or sale of weapons, but where the use, possession, or sale of weapons was not the main offense (e.g., burglary, trespassing, vandalism); in other words, any incident for which a weapon is present.

6. During 1997-98, indicate how many schools (by grade range) are in your project/consortium and how many reported a prohibited behavior incident [Terms marked with an asterisk (*) are defined on page 3.]

REPORTING SCHOOLS (by school within the project)	NUMBER OF SCHOOLS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. How many schools, by grade level, are in your project/ consortium?			
b. How many schools, by grade level, in your project/ consortium have reported an incident*?			
c. How many schools, by grade level, in your project/ consortium reported a weapons-related incident*?			

7. During 1997-98, indicate (by grade range) the number of incidents, victims and offenders involved in prohibited behaviors.

PROHIBITED BEHAVIOR INCIDENTS* (by individual)	NUMBER OF INCIDENTS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. Number of incidents* (total of all incidents)			
b. Number of victims in these incidents			
c. Number of offenders* involved in these incidents			
d. Number of weapons-related incidents* (a subset of all incidents)			

8. *Victims* of incidents of prohibited behavior may be students, school personnel, nonschool personnel, or other persons. For the number of victims reported in Question 7b, indicate by grade range, how many of the *victims* were:

Victims of Prohibited Behavior Incidents	NUMBER OF VICTIMS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. Students*			
b. School Personnel*			
c. Nonschool Personnel*			
d. Unknown			

9. *Offenders* of incidents of prohibited behavior may be students, school personnel, nonschool personnel, or other persons. For the number of offenders reported in Question 7c, indicate by grade range how many of the *offenders* were:

Offenders of Prohibited Behavior Incidents	NUMBER OF OFFENDERS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. Students*			
b. School Personnel*			
c. Nonschool Personnel*			
d. Unknown			

1997-98 Final Program Report
Safe and Drug-Free Schools and Communities Program

10. For **all** types of incidents that occurred at school, how many schools in your project/consortium reported:

At School Incidents of All Prohibited Behavior	NUMBER OF SCHOOLS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. No incidents			
b. Between 1 and 5 incidents			
c. Between 6 and 10 incidents			
d. Between 11 and 24 incidents			
e. 25 or more incidents			
f. Schools not reporting (missing data)			

11. For **weapons-related** incidents only that occurred at school, how many schools in your project/consortium reported:

At School Incidents of Weapons-related Prohibited Behavior	NUMBER OF SCHOOLS		
	Elementary (K-6)	Middle (7-8)	High (9-12)
a. No incidents			
b. Between 1 and 5 incidents			
c. Between 6 and 10 incidents			
d. Between 11 and 24 incidents			
e. 25 or more incidents			
f. Schools not reporting (missing data)			

1997-98 Final Program Report
Safe and Drug-Free Schools and Communities Program

12. During 1997-1998, indicate whether your project provided the services listed to students and teachers through the SDFSC grant. Please mark all of the appropriate categories.

TYPE OF SERVICE	YES	NO
a. Teacher/staff training	☐	☐
b Student instruction in alcohol/drug prevention	☐	☐
c. Student instruction in violence prevention	☐	☐
d Curriculum development or acquisition	☐	☐
e. Student support services (student assistance programs, counseling, mentoring, identification and referral, etc.)	☐	☐
f. Alternative education programs	☐	☐
g. Parent education or involvement	☐	☐
h. After-school or before-school programs	☐	☐
I. Community service projects	☐	☐
j. Involved a school-community partnership in:	☐	☐
1) joint service delivery	☐	☐
2) teacher/staff training	☐	☐
3) public awareness activities	☐	☐
4) fund-raising	☐	☐
k. Services for out-of-school youth	☐	☐
l. Special (one-time) events (e.g., Red Ribbon Week)	☐	☐
m. Conflict resolution, peer mediation	☐	☐
n. Security personnel	☐	☐
o. Security equipment	☐	☐
p. Other (*PLEASE SPECIFY*)	☐	☐

1997-98 Final Program Report
Safe and Drug-Free Schools and Communities Program

13. For 1997-1998, indicate below if your district/project addressed the following in its administration of its local Safe and Drug-Free Schools Program.

ADMINISTRATION (Selected Elements)	YES	NO
a. Are students involved in the planning and critiquing of the alcohol, drug and violence prevention program?		
b. Is the local program based on valid and effective prevention approaches?		
c. Is paperwork (applications, reports and other program documents) prepared and submitted within the time frames set by the State Education Agency?		
d. Does the local program have performance indicators to help assess the activity level and accomplishments of the program?		
e. Are local performance indicators used to determine program modifications?		

14. Attach your project/consortium's performance indicators. (For help in developing performance indicators, refer to the June 1997 booklet titled "Principles of Effectiveness and Performance Indicators" from OPI. Pages 21-22 and Appendix C of that booklet will be very useful for local programs.)

    Use page 10 of this final report form to list your objectives, performance indicators, and data sources. You may need to make additional copies of page 10 depending on how many objectives and performance indicators you list.

    If you have questions about performance indicators, call the SDFS Program at 444-1964.

1997-98 Final Program Report
Safe and Drug-Free Schools and Communities Program

15. Of your total SDFSC funds for 1997-98, estimate the percent of funds that was allocated for each of the listed activities.

ACTIVITIES	Percent of Funds
a. Administration	%
b. Develop/purchase instructional materials	%
c. Training and technical assistance 1) Teacher training and education ____% 2) Student training and education ____% 3) Parent training and education ____%	%
d. Public awareness activities	%
e. Security	%
f. Needs assessment and evaluation	%
g. Other *(PLEASE SPECIFY)*	%
NOTE: THE PERCENT ENTERED IN THE RIGHT-HAND COLUMN MUST TOTAL 100%.	**TOTAL 100%**

NOTE: Unobligated 1997-98 Safe and Drug-Free Schools grant funds are to be returned to the Office of Public Instruction with the fiscal portion of the Final Program Report.

If there are unobligated funds to be returned, please be aware that twenty-five percent (25%) of your project's 1997-98 total allocation will be reallocated to your 1998-99 SDFSC project. DO NOT INCLUDE THESE REALLOCATED FUNDS IN YOUR 1998-99 APPLICATION FOR FUNDS. OPI program staff will reallocate these funds and send a revised budget to the Authorized Representative.

School District: _____

Safe and Drug-Free Schools and Communities
Performance Indicators

Program Goal: To help ensure that all schools are safe, disciplined, and drug-free by promoting implementation of high quality drug and violence prevention programs.

Objective	Indicator (Target/Benchmark)	Data Source

APPENDIX C -- GRANT CONTROL NOTEBOOK

This section lists suggested procedures for adequately tracking federal and state grants for school districts. Similar procedures should be used for any subrecipient entity.

A. Establish a Grant Control Notebook with the following dividers:

1. Master control list of all grants.

2. Grant/Project Recap Worksheets
   a. Complete Grant/Project Recap Worksheet Monthly for Each Grant Beginning cash, cash disbursements, cash receipts, ending cash
   b. The Grant/Project Recap Worksheet should reconcile monthly to the county treasurer's cash balance for Fund 15.

3. Dividers for each grant
   a. Work plan or calendar to order, spend, and report grant funds
   b. Cash/Match Control Record for the grant
   c. Copies of completed cash order or Cash Advance Request forms
   d. Receipts or payment advices from grantors
   e. Quarterly Expenditure Reports, if required
   f. Any other pertinent information

B. Establish individual files for each grant to file the following:

1. Grant application and approved award documentation project number, CFDA number for federal funds, match requirements, other specific accounting and reporting requirements

2. Budget or other grant modifications

3. End of year information from the Grant Control Notebook

4. Optional: Copies of coding aprons showing warrant number and invoices

More detailed procedures for accounting and tracking grants, *including example forms mentioned here*, can be found in the School Accounting Manual, Section 9-0400.34.

APPENDIX D -- MAINTENANCE OF EFFORT FOR ESEA TITLE I AND RELATED PROGRAMS

This maintenance of effort requirement applies to ESEA Titles I, II, IV and VI and Education of Homeless Children and Youth (Stuart B. McKinney Act).

A recipient may receive its full allocation if either the combined fiscal effort per student or the aggregate of all expenditures of local funds used for providing a free public education for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding year.

Following are the components used for the calculation of maintenance of effort:

1. Data source: Pupil attendance report - district data
   Completed by: District attendance office, District responsible official, County Superintendent
   Due at OPI: First semester -- February 28 / Second semester -- July 30
   Used to calculate average number belonging (ANB) and average daily attendance (ADA)

2. Data source: Special education child count
   Completed by: District responsible official
   Due to OPI: December 10

3. Data source: Special education budget
   Completed by: Board of Trustees', County Superintendent
   Due at OPI: March 14

4. Data source: Annual Trustee's Financial Summary (TFS) -- Also known as the "Trustees' Report"
   Completed by: District Clerk, Board of Trustees, County Superintendent
   Due at OPI: Second Monday in September

Treatment of Related Services Block Grant for Cooperative Members

Special education cooperatives receive the related services block grant (RSBG) per ANB paid by the OPI for each participating school district in the cooperative. If a school district is not a member of a cooperative, the district receives the RSBG rather than the cooperative. The RSBG paid to the cooperative on behalf of a school district is added to the district's expenditures in the Title I maintenance of effort calculation.

Total current expenditures for each LEA are compiled from the TFS using the following funds:

01 General Fund
10 Transportation Fund
12 Food Services Fund
13 Tuition Fund

14 Retirement Fund
15 Miscellaneous Programs Fund [see restrictions below]
18 Traffic Education Fund
21 Compensated Absences Fund
24 Metal Mines Tax Reserve Fund
25 State Mining Impact Fund
28 Technology Acquisition Fund

[See School Accounting Manual chart of accounts, Section 3-0200.20 for fund definitions.]

The only activities considered in the Miscellaneous Programs Fund 15 are the following:

Include current expenditures for programs

270	Gifted and Talented
275	State Special Education Contingency Grant
280	Special Education -- Local and State
300 - 380	State Vocational Education Programs
440	SIMMS Technology Grant

Exclude expenditure objects

7XX	Property/Equipment
910	Operating Transfers to Other Funds
920	Resources Transferred to Other Districts
930	Federal or State Grant Resources Transferred to Other Districts or Cooperatives

[See School Accounting Manual chart of accounts, Section 3-0600.20 for definitions of operating statement accounts and 3-0600.40 for object code definitions.]

The following current expenditures are subtracted from the total current expenditures:

Any program numbered	5XX	Nonpublic School Programs
	6XX	Adult Continuing Education Programs
Any function numbered	32XX	Enterprise Services
	33XX	Community Services
	4XXX	Facilities Acquisition and Construction Services
	5XXX	Debt Service
Any object numbered	7XX	Property/Equipment
	910	Operating Transfers to Other Funds
	971	Residual Equity Transfers to Other Funds

[See School Accounting Manual chart of accounts, Section 3-0600.20 for program definitions, 3-0600.30 for function definitions, and 3-0600.40 for object code definitions.]

The following revenues are subtracted from total expenditure/expenses except for Fund 15:

1310	Individual Tuition

1311	Driver's Education Fees -- From Individuals
1340	Fees for Adult Education
1410, 1440	Individual and Other Transportation Fees
163X	Food Service -- catering, adult sales, ala carte sales
1800	Community Services
19XX	Other Revenue -- rentals, fees, donations
41XX - 47XX	Revenue from Federal Sources
49XX	Federal Other Revenue on Behalf of District

[See School Accounting Manual chart of accounts, section 3-0500.40 for definitions of revenue codes.]

Refer to Section 200 of this manual, "Maintenance of Effort," for more information.

APPENDIX E -- MAINTENANCE OF EFFORT FOR IDEA PROGRAMS

This section summarizes the requirements for Maintenance of Effort (MOE) for IDEA Part B and Preschool Programs, how MOE is calculated using expenditure data submitted to the OPI, and how to check the school district or cooperative's expenditure reports to ensure MOE will be accurately calculated.

WHAT IS MAINTENANCE OF EFFORT?
The Individuals with Disabilities Education Act (IDEA), under Part B, makes funds available to assist local education agencies (LEAs) and special education cooperatives in the provision of education for children with disabilities. In order to receive entitlement funds under Part B for any fiscal year, an LEA or special education cooperative must submit an application to the Division of Special Education, Office of Public Instruction. As part of the Part B application approval process, applicants must comply with the following regulation:

Maintenance of Effort 34 CFR 300.231

a. General. Except as provided in Sec. 300.232 and Sec. 300.233, funds provided to the LEA under Part B of the Act may not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

b. Information. The LEA must have on file with the SEA information to demonstrate that the requirements of paragraph (a) of this section are met.

[Authority: 20 U.S.C. 1413(a)(2)(A)]

Exception to Maintenance of Effort Sec. 300.232
An LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to:

a. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff;

b. A decrease in the enrollment of children with disabilities;

c. The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child-

1) Has left the jurisdiction of the agency;

2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or

3) No longer needs the program of special education; or

d. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

[Authority: 20 U.S.C. 1413(a)(2)(B)]

NOTE: The Maintenance of Effort requirement under Part B is different from what is required under Title 1.

HOW IS MAINTENANCE OF EFFORT DETERMINED FOR IDEA PART B?
The U.S. Department of Education determines compliance with the maintenance of effort regulation by comparing actual expenditures one year to actual expenditures the next year. To demonstrate that the federal funds were not used to reduce the level of expenditure of state and local funds, the recipient must show that it has maintained the same amount of expenditures (maintained effort) of state and local funds for special education as it did in the year previous. The only exceptions allowed are those as stated in federal regulation 34 CFR 300.232.

NOTE: Prior to the 1997 amendments to IDEA, federal regulations required that maintenance of effort be determined by reviewing the district's expenditures of state and local funds for special education. New language in IDEA states that maintenance of effort be determined by reviewing special education expenditures of local funds only.

In order to implement the maintenance of effort requirements in accord with the 1997 amendments, the Office of Public Instruction has developed the following procedure:

> Comparisons of expenditures of local funds rather than state and local funds will be used for determining maintenance of effort (MOE) for applications beginning in the state FY 2000. This will permit comparison of FY'98 local expenditures with FY'99 local expenditures. This change will allow comparison of expenditures made prior to IDEA 1997 by using the standard that was in place at the time expenditures were made by the applicant(s).

Consolidated Applications: A consolidated application for IDEA Part B funds is one submitted by a special education cooperative and its participating member districts, or districts not participating in a cooperative that join together to submit one application. This would include elementary and high school districts that share a project. For a consolidated application, the MOE is based on the sum total of all state and local expenditures made for special education in all funds reported by all entities participating in the application.

Single District Application: A single district application is one submitted by a separate elementary, high school or K-12 district that does not participate in a special education cooperative. For a single district application, the MOE is based on the sum total of state and local expenditures made for special education reported for the separate elementary, high school or K-12 district.

WHAT HAPPENS IF THE APPLICANT DOES NOT MAINTAIN EFFORT?
When applications are reviewed in June, the OPI determines whether the district/cooperative applicant for Part B funds has met the maintenance of effort requirement. If it is determined that the applicant has not maintained effort, the OPI shall provide reasonable notice to the applicant of:

a. The intent to deny the application and the reason for the denial; and
b. The applicant's right to request a hearing before the OPI prior to final denial of the application.

Data Source:	Annual Trustees' Financial Summary (TFS)
Completed by:	District Clerk, Board of Trustees, County Superintendent
Due at OPI:	2nd Monday in September, usually received with Final Budget by September 15

When received, the Trustees' Financial Summary (TFS) data is checked for accurate coding of revenues and expenditures. Once the information is considered accurate, files are used to determine final MOE.

HOW CAN AN APPLICANT HELP ENSURE THAT IT IS MAINTAINING EFFORT?
It is critical that individual districts, special education cooperatives, and districts participating in special education cooperatives monitor their state and local expenditures for special education each year to ensure maintenance of effort.

Verification of MOE at the local level will help districts and cooperatives determine if corrections to data are required. The OPI guidance for checking special education expenditures reported is enclosed.

WHAT IS INCLUDED IN MAINTENANCE OF EFFORT CALCULATIONS FOR IDEA?

For IDEA Part B Entitlement funds, MOE is based on total current special education expenditures in the funds listed below as reported on the annual TFS report. The MOE calculation isolates special education expenditures made from state and local revenue sources.

FUND	COOP	DISTRICT	FUND	COOP	DISTRICT
01 General Fund		X	**24** Metal Mines Tax Reserve Fund		X
10 Transportation Fund	X	X	**25** State Mining Impact Fund		X
13 Tuition Fund		X	**28** Technology Acquisition Fund		X

14 Retirement Fund	X	X	**82** Interlocal Agreement Fund	X	X
15 Misc Programs Fund	X	X			

[SEE SCHOOL ACCOUNTING MANUAL CHART OF ACCOUNTS, PAGE 3-0200.20 FUND DEFINITIONS]

In calculating MOE, the OPI applies the following restrictions:

EXPENDITURE PROGRAM 280

Only program 280 expenditures are used to determine the state and local contributions for calculating MOE. For accurate calculation of MOE, districts/cooperatives must CLEARLY separate local and state grants in the Miscellaneous Programs Fund (15) from federal grants using proper revenue and expenditure program codes. Use expenditure program 280 to code special education expenditures for local, state, and direct (non-OPI) federal revenue sources. Use expenditure program code 277 for the IDEA Part B grants and 279 for IDEA Preschool grants subgranted by OPI.

Expenditure Objects **EXCLUDED:**

The following expenditure objects are not included in MOE even when spent for special education:

- 7XX Equipment
- 910 Operating transfers to other funds
- 920 Resource transfers to other districts (local moneys)
- 930 Federal or state grant resource transfers to other districts/cooperatives
- 971 Residual Equity Transfers Out

Expenditure Functions **EXCLUDED:**

The following expenditure functions are not included in MOE even when spent for special education:

- 4XXX Facilities Acquisition
- 5XXX Debt Service

Expenditures **INCLUDED** in Fund 15:

All expenditures reported in Fund 15 will be **EXCLUDED** except for the expenditures of the following revenues if spent for special education (program 280):

- Revenue Source: 3450--Accelerated Local Government Severance Tax (if deposited in Fund 15)
- Revenue Source: 5710--Special Education Resource Transfers

[SEE SCHOOL ACCOUNTING MANUAL CHART OF ACCOUNTS, SECTION 3-0600.20 OPERATING STATEMENT ACCOUNTS AND 3-0600.40 EXPENDITURE OBJECT CODE DEFINITIONS]

EXAMPLES:

1. District A reports the following expenditures in special education:

01-280-1XXX-1XX 14-280-1XXX-2XX 01-280-1XXX-2XX 01-280-6200-920

All line items would be considered for Maintenance of Effort, except 01-280-6200-920. It is a special education resource transfer as recorded by the sending district.

2. District B reports the following expenditures in special education:

01-280-1XXX-1XX 14-280-6200-920 10-280-26XX-4XX
15-277-1XXX-1XX-001 (Revenue Source 5700-001)

The two line items above that would **not** be considered in the calculation of Maintenance of Effort would be 14-280-6200-920, because it is a resource transfer to a cooperative, and 15-277-1XXX-1XX-001, because it is an expenditure of revenue source 5700 federal IDEA Part B funds.

GUIDELINES FOR REVIEWING REVENUE AND EXPENDITURES ON TRUSTEES' FINANCIAL SUMMARY

This list is provided to districts and cooperatives to assist them in reviewing special education expenditures reported on the Trustees' Financial Summary (TFS) for accuracy. Accurate coding is extremely important. A district or cooperative must be able to demonstrate maintenance of effort (MOE) to remain eligible for federal IDEA funding. The MOE is calculated using the districts' and cooperatives' TFS reports.

WORKERS' COMPENSATION/PAYROLL TAX AND RETIREMENT BENEFITS

A district or cooperative may report Workers' Compensation/Payroll Tax Benefits or Retirement Benefits with one of two options, undistributed or distributed. (Please refer to the School Accounting Manual, Pages 4-0400-12 and 4-0400-13.)

Workers' Comp/Payroll Tax Benefits reported as "undistributed:" (i.e., combined total of Workers' Comp expenditures for all functions reported as 01-999-9999-2XX)

-- OPI will "distribute" this amount across programs and functions according to the proportion of salaries reported in the fund. Workers' comp for salaries reported in Fund 15, Program 280, will be included in MOE.

Workers' Comp/Payroll Tax Benefits reported as "distributed:" (i.e., reported under each program and function like the related salaries)

-- OPI will use expenditures as reported in calculating MOE.

Fund 14 Retirement Benefits reported as "undistributed:" (i.e., combined total of retirement benefit expenditures for all functions (except resource transfers) was reported as 14-999-9999-2XX)

-- OPI will "distribute" this amount across programs and functions based on the proportion of salaries reported in all funds. Retirement costs related to salaries reported in any fund using program code 280 will be included in MOE.

Fund 14 Retirement Benefits reported as "distributed": (i.e., reported under each program and function like the related salaries)

-- The OPI will use expenditures as reported in calculating MOE.

Fund 14 Retirement funds transferred from a district to a cooperative for special education employees:

-- The district should record the expenditure as a resource transfer (X14-280-6200-920). The cooperative should record the receipt as a resource transfer (314-5710). This amount will **not** be included in the OPI "distributions" discussed above.

RESOURCE TRANSFERS BETWEEN DISTRICTS AND COOPERATIVES

Resource transfers from district to district, district to cooperative, or cooperative to district are NOT COUNTED FOR MOE. If counted at the point of the transfer and again when spent by the receiving agency, the money would be double-counted. The following examples show how a district or cooperative should report transfers.

NOTE: When a cooperative sends money to a member district, it MUST BE EITHER:

1. A refund of the related services block grant match, with the cooperative's written approval for the district to spend the match on other special ed related services using its general fund in lieu of providing the match; OR

2. A payment for contracted services to be provided by the district on behalf of the cooperative. Based on a written contract, the money must be deposited into the district's Miscellaneous Programs Fund (15) and be spent for that purpose or returned to the cooperative by June 30; OR

3. A subgrant of a federal or state grant award obtained by the cooperative on the members' behalf. Examples would be the IDEA Part B or Preschool entitlement funds.

No other payments from cooperatives to districts should be made.

District, as a participating member of a special education cooperative, transfers funds to the cooperative for: 1) the district's related services block grant match (RSBG), 2) the district's share of the cooperative budget, or 3) additional contribution to the cooperative:

-- District must use X01-280-6200-920 to identify this type of transfer.
-- Cooperative uses 382-5710 to code receipt of the payment.

District, as a participating member of a special education cooperative, signs a written agreement with the cooperative saying the district will spend its own related services money in lieu of match: (i.e., district keeps and spends its related services block grant

(RSBG) match, rather than sending it to the cooperative)

-- District must record its local expenditures in lieu of match as special education expenditures in the normal manner using the general fund (e.g., X01-280-XXXX-XXX). The expenditures will be included in MOE. They also are included in the special ed spending to avoid reversion. The district would not transfer the match to the cooperative, so the TFS would not indicate a transfer. (NOTE: If not spent by the district after entering such an agreement, MOE and special ed reversion may be affected.)

The cooperative then returns money under a contract to be spent by the district locally for SPECIFIC SPECIAL ED SERVICES:

-- Cooperative must report the transfer using 382-280-6200-920.

-- District must deposit the money to Fund 15 using X15-5710 and assign a project reporter number. The district must report expenditures of the money using the same project reporter number assigned to the revenue source.

-- Any funds remaining unspent at June 30th must be returned to the cooperative. The district must report the amount returned as a revenue abatement (i.e., negative revenue) under X15-5710. The cooperative must receive the refund as an expenditure abatement (i.e., negative expenditure) under 382-280-6200-920.

District made a resource transfer to the cooperative to pay the RSBG match. The cooperative then returns money to the district, directing the district to spend it locally for NON-SPECIFIC SPECIAL ED SERVICES in lieu of providing the required RSBG match:

-- District transfers its match to the cooperative using X01-280-6200-920. The cooperative records the revenue using 382-5710.

-- The cooperative reports the payment back to the district by abating (decreasing) revenue source 382-5710 while the district abates (decreases) expenditure X01-280-6200-920. Thus the records show the match transfer from district to cooperative was never made in the first place.

NOTE: Money returned to a member district without a contract for providing specific services is considered first to reimburse the district's match paid from the general fund; any payment in excess of the amount of required match must be deposited to the district's Miscellaneous Programs Fund (15) and used or returned by June 30 as discussed in the previous example.

District pays for contracted special education services received from another district or cooperative, and the services are not covered under the cooperative agreement or as a participating member of a consolidated IDEA Part B application (e.g., contracted

services):

-- Paying district uses X01-280-21XX-354 to code a one time payment for additional services. The cooperative codes the receipt using 382-1950.

-- A district who provides a service to another district uses X15-1950 or X82-1950 to code a one-time receipt for additional special education services.

District, as a member of a special education cooperative or member of a consolidated application with another district, receives its federal IDEA special education grant from the cooperative or host district:

-- Cooperative records the transfer of federal IDEA grant money using 315-XXX-6200-930-###, where ### is a project reporter number assigned to the grant. A district who is a grant host and transfers the grant to another district must use X15-XXX-6200-930-###. Use expenditure program code 277 for the IDEA Part B grant and 279 for IDEA Preschool.

-- District must deposit Federal IDEA special education grants "passed through" from another district or cooperative in the Miscellaneous Programs Fund (15), using revenue code X15-5700-###, where ### is a project reporter code. Transfers and subsequent expenditures of the grant money must be identified with same project reporter number. Expenditures must be coded using the expenditure program number, such as X15-277-1XXX-XXX-### for IDEA Part B.

For further information regarding resource transfers, please refer to the School Accounting Manual, pages 3-0500, 4-0400-10 and 4-0400-11.

MISCELLANEOUS PROGRAMS FUND (15), PROGRAM 280 EXPENDITURES:

Fund 15 is a Miscellaneous Programs Fund with a variety of revenue sources. Incorrectly using 280 for federal grant expenditures could significantly impact your MOE. Use program 280 for state and local special education expenditures, program 277 for federal IDEA grant expenditures, program 278 for Part D-TIE grants, program 279 for federal IDEA Preschool grant expenditures. Refer to the School Accounting Manual Section 3-0600 for further information.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (Part B) CALCULATION OF MAINTENANCE OF EFFORT QUESTIONS AND ANSWERS

1. **If I amend my Trustees' Financial Summary, will it affect the amount of state special education funds the district will receive?**

   Response: It may, if the amendment is to correct an expenditure reported as a special education allowable cost. Any change to a special education allowable cost expenditure will affect a district's

minimum amount to avoid reversion in the current year, as well as reimbursement for disproportionate costs in the ensuing fiscal year.

Please refer to the district's special education reversion worksheet submitted with the trustees' financial summary to determine if the amendment will affect the district's minimum amount to avoid reversion.

Special education allowable costs are defined in 20-7-431, MCA and 10.16.2206, ARM.

2. **After December 20, how will an applicant correct an error in the Trustees' Financial Summary in order to demonstrate Maintenance of Effort?**

Response: The applicant should submit a written request to the Division of Special Education for a hearing. If, as a result of the hearing, it is determined that errors were made in the Trustees' Financial Summary and corrections would result in the district demonstrating fiscal effort for Part B, an amended Trustees' report would be allowed.

3. **How will an applicant know if their Part B application will be denied because it has not maintained effort?**

Response: Applicants for Part B funds should carefully review the preliminary maintenance of effort report sent to them in December by the OPI. The report will indicate whether the applicant has maintained effort either through a review of the expenditures or on a per capita basis. This information can be found under the column titled Maintained.

Prior to disapproval of the application, the OPI sends the applicant notice of the intent to deny the application, identifies the reason for denial and the applicant's right to request a hearing.

4. **Is there any allowance allowed for decrease in maintenance of effort?**

Response: Yes, reauthorization of IDEA provides for a reduction in the level of expenditures attributable to the following:

a. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education personnel;

b. A decrease in the enrollment of children with disabilities;

c. The termination of the obligation of an LEA, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the state education agency, because the child -
   i. has left the jurisdiction of the LEA ;
   ii. has reached the age at which the obligation of the LEA to provide a free appropriate public education to the child has terminated;
   iii. no longer needs such program of special education; or

d. the termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

5. **Isn't the maintenance of effort requirement for Part B the same as for Title I?**

Response: No.

6. **Does a membership change in a cooperative affect maintenance of effort?**

Response: It may. If a membership change will occur in a cooperative, we encourage you to call the OPI to determine what affect that may have on maintenance of effort. Circumstances vary, and we will try to address the situation when it happens.

APPENDIX F -- OTHER USEFUL PUBLICATIONS

Federal Program Summaries

(Section 9-0500.00 of the Montana School Accounting Manual, see below). Contains one page overviews of each OPI-administered federal program.

Grant Control Notebook

(Section 9-0400.34 of the Montana School Accounting Manual, see below.) Recommended procedures for school clerks and others who track and account for federal and state grants.

Montana School Accounting Manual

Distributed to all county superintendents, superintendents and clerks. Updated approximately once each year. Contact: The OPI School Budget and Accounting Division, (406) 444-4401 or (406) 444-1257.

APPENDIX G -- OTHER RESOURCE DOCUMENTS

1. **OMB CIRCULAR A-87 -- Cost Principles for State, Local and Indian Tribal Governments**
   Internet Address:
   http://www2.whitehouse.gov/WH/EOP/OMB/html/circulars/ao87/toc.html

2. **OMB CIRCULAR A-102 -- Grants and Cooperative Agreements with State and Local Governments**
   Internet Address:
   http://www2.whitehouse.gov/WH/EOP/OMB/html/circulars/a102/a102.html

3. **OMB CIRCULAR A-122 -- Cost Principles for Non-Profit Organizations**
   Internet Address:
   http://www2.whitehouse.gov/WH/EOP/OMB/html/circulars/a122/a122.html

4. **OMB CIRCULAR A-133 -- Audits of States, Local Governments, and Non-Profit Organizations**
   Internet Address:
   http://www2.whitehouse.gov/WH/EOP/OMB/html/circulars/a133/a133.html

LIST OF CFDA NUMBERS APPENDIX H

[CATALOG OF FEDERAL AND DOMESTIC ASSISTANCE NUMBERS]

The following grants are commonly received by local education agencies (LEAs) in Montana. The corresponding revenue and expenditure coding are listed in Section 9-0400 of the School Accounting Manual to record funds for these grants.

DEPARTMENT OF AGRICULTURE

10.550	School Food Commodity Distribution Program
10.553	School Food Breakfast
10.555	School Food Lunch
10.556	School Food Milk Program
10.558	School Food Snacks
10.559	School Food Summer Program
10.564	School Food Nutrition and Training

DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.118	HIV/AIDS Education

DEPARTMENT OF THE INTERIOR

15.130	Johnson O'Malley

DEPARTMENT OF LABOR

17.250	Job Training Partnership Act (JTPA)
17.249	School-to-Work

DEPARTMENT OF TRANSPORTATION

20.600	Driver Safety

CORPORATION ON NATIONAL AND COMMUNITY SERVICE

94.004	Learn and Serve America (Montana)

DEPARTMENT OF EDUCATION

84.002	Adult Education -- State Administered Program
84.003	ESEA Title VII, Part A, Bilingual Education
84.004	Civil Rights Program -- SEA \ National Origins\ Race and Sex Desegregation
84.010A	ESEA Title I Educationally Deprived Children -- Part A
84.013	ESEA Title I Neglected and Delinquent
84.011A	ESEA Title I Migrant Education
84.025	Services for Children with Deaf-Blindness
84.027	IDEA Part B Handicapped (program combined with IDEA Part B starting 1996)
84.029	IDEA Part D -- Personnel Preparation (Handicapped)

84.060	ESEA Title IX Indian Education -- LEAs and Tribal Schools
84.035A	LaserCat Grant (LSCA)
84.041	ESEA Title VIII (PL 81-874) Impact Aid (Assistance in Federally Affected Areas)
84.048A	Vocational Ed -- Basic (Competitive) Grants to States
84.083	ESEA Title IX, Part C, Women's Educational Equity
84.298	ESEA Title VI Educational Improvement
84.162A	ESEA Title VII, Part C, Emergency Immigrant Education
84.168	ESEA Title II Eisenhower Professional Development Program
84.173	IDEA Preschool Incentive Grant
84.174A	Vocational Ed -- Community-Based Organizations
84.184	ESEA Title IV Safe and Drug-Free Schools and Communities
84.185	Byrd Honors Scholarships
84.190	Christa McAuliffe Fellowships
84.192	Adult Education for the Homeless
84.196	Education of Homeless Children and Youth -- McKinney Homeless
84.203A	Star Schools
84.213	ESEA Title I Even Start \ LEA
84.214	ESEA Title I Even Start \ Migrant
84.216	ESEA Title I Capital Expenses
84.218	ESEA Title I State Improvement Program Grants
84.243A	Vocational Education -- Tech Prep
84.276	Goals 2000
84.318X	ESEA Title III, Technology Literacy Challenge

DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.561	Job Opportunities and Basic Skills Training (J.O.B.S.)